

INSIDE: The Tories make their choice


Maclean's

JUNE 13, 1983

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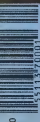
THE FALL OF AN EMPIRE



**How Rosenberg's
giant property
scheme worked**

**How his bank
dream failed**

Financier Leonard Rosenberg





COVER

The fall of an empire

National attention has focused on Leonard Rosenberg ever since the Ontario government seized his companies in the wake of the 2002 flip of nearly 11,000 Toronto apartment units. But Rosenberg has learned that Rosenberg was on the verge of one of the most astounding deals in Canadian history. His plan to assemble a world-class bank.

—Page 28

COVER ART BY STEPHEN DUNN



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The Tories make a choice

When 3,140 Tory delegates arrive in Ottawa this week to elect their leader, they will plug into a high-tech convention, with only the outcome not programmed.

—Page 19



The unsinkable Mr. Bond

Like all good 007 movies, *Octopussy* is witty, sexy and vigorous, with plenty of gadgets and, as always, no shortage of beautiful and lethal women.

—Page 53



Restraint at the summit

Amused to avoid another debacle like last year's infamous summit, Western leaders emerged from the Williamsburg talks with genuine, if modest, agreements.

—Page 29



A burning nightmare

A fire aboard Air Canada flight 797 last week forced a desperate emergency landing, caused the death of 25 people and raised questions about air safety.

—Page 18



When the Ontario and federal governments seized three trust firms and two marriage companies on Jan. 7, the action brought to light one of Canada's largest and most controversial business transactions. But until now, the full story has not been told. To fill the gaps, *Maclean's* began investigating the deals early in April. Walter Stewart, 58, a former managing editor of *Maclean's* and now a freelance journalist and author of the best-selling *Towers of Gold, Feet of Clay*, and Business Editor James Fleming, 34, set out to piece together the puzzle. They combed mountains of documents, many of them still secret, and interviewed scores of participants on both sides of the drama. Assistant Photo Editor Hilary Forrest, between telephone calls to her father, Richard Forrest, who was in hospital in Florence, Ky., after surviving the fiery Air Canada disaster in Cincinnati, co-ordinated the selection of photographs. Researcher-Reporter Ann Finlayson provided additional information and checked the facts for accuracy.

The results raise serious unresolved issues on both sides of the confrontation.

- If Rosenbergs and his associates were exploiting a giant "loophole" in the law, as the regulators claim, why did it take so long to discover what they were doing, and why was nothing done to tighten the law?

- If they were merely shrewd operators, why have they been striped of all their assets without even a public hearing?

- And, most disturbingly, why will government officials not reveal to the public—as they did for Maclean's of the record—one of the main reasons for the sudden seizures?

The Cadillac Panvader deal will not go away. Neither should the rule of law.

Kevin Doyle

Fleming (left), Stewart (right)

Maclean's June 13, 1985

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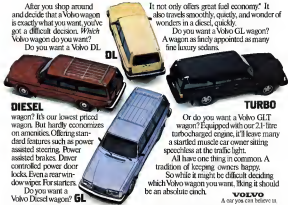
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Means of defence

Your cruise missile article (*Testing the cruise. Cover, May 30*) fell far short of fair and full reporting. Opposition to the cruise missile has a much clearer focus than the simple statement that it is un-Canadian to test these devices. The cruise missile is an virtually undetectable on the ground as it is in the air, where it bugs the terrain before the nuclear hammer. As a result, the deployment of the cruise missile will mean the end of disarmament talks; you cannot verify the dismantling of weapons you cannot see. That is the point of our protests. And it is interesting that you chose a picture of the Vancouver rally with the Communist Party banner boldly displayed. I suspect you are sorely implying that we protesters are "Communists." Was that a representative picture? Far from it! There were 60,000 marchers carrying church, union, individual, professional and school banners. —SUSAN O. STEWART, Victoria

Pierre Trudeau's recent defence of the cruise missile testing in Canada is based on a false premise. He argues that, "In these circumstances, it would be almost suicidal for the West to adopt a policy of... supporting the development of new means of defending ourselves against the Soviet Union." The truth is that it would take only 500 warheads to obliterate either one of the superpowers, and such postures (more than 7,000 of these observations). One more cruise missile or one million more in the Western arsenal will not in the slightest way increase our "new means of defence." There are no means of de-



fence against a rain of U.S. or Soviet hydrogen bombs. Talk of defence is a cruel hoax, a delusion designed not to increase our safety but to increase the profits of defence contractors and arms manufacturers. —RONN HAYMOND, Rejoice

As much as it stinks in my craw to have to say it, I agree with Prime Minister Trudeau's announcement with regard to the testing of the U.S. cruise missile guidance system in Canada. We can't have it both ways: we can't negotiate up to the comforting warmth of the U.S. military machine for protection on the one hand and then stand back and denounce it when we cannot see the dangers on the other. We are members of a group of signed countries that are supposed to be of like mind. We have certain commitments as members of the group; if we do not wish to belong, we should campaign to leave it. With the present line of thinking, condemning our fellow members while saying nothing of those with different political leanings is hypocritical. —CHARLES FRASER, Kings Co., N.S.

I share Prime Minister Trudeau's wish to defend democracy and freedom as well as his hope for an end to the arms race. However, I cannot agree that bringing up an umbrella that invites a rain of terror will achieve these goals. Many critics have provided statistics to make it clear that the cruise missiles are not the simple system of improved defence that one might think or hope they are. To be against those testing in Canada is not to be against a useful Western defence system; rather, it is to be against a new technology and an apparent new U.S. military strategy which makes the nuclear threat and international contract enter their ever. —SHARON CALLAHAN, Vancouver

PASSAGES

1910s. William Harrison (Jack) Dempsey, the Marquess of Queensberry, 37, heavyweight boxing champion from 1919 to 1926, of cardiac arrest, in New York. At 34 Dempsey won the title from Jess Willard and he successfully defended it five times before his defeat at the fists of Gene Tunney in a highly controversial 10-round decision. Dempsey drew the first million-dollar gate in boxing, and an estimated 500,000 fans paid a total of \$10 million to watch him take on the greatest boxer of the day throughout his illustrious career.

1930s. Arvid Peltola, 84, the eldest member of the Soviet Politburo and the last surviving Kremlin leader who participated in the 1937 Bolshevik Revolution, of a heart attack, in Moscow. Peltola, who had been suffering from lung cancer, was the only member of the current Kremlin hierarchy who had met revolutionary leader Vladimir Illyich Lenin. Peltola joined the Politburo in 1968 and headed the Communist Party's central committee. President Yuri Andropov is expected to name his successor at the party plenum on June 14 and 15.

1960s. John Trent, the director of *The White Oaks of Ains and Middle Age* series and the producer of the television series *Wolf*, in a collision with a police cruiser, near Toronto. The English-born Trent made history in Canadian television in the 1960s, when he directed such popular series as *Quantum Leap* and *Wagon*, based on the career of the controversial Dr. Morton Steinman, whose *Quantum Leap* series Trent had just finished directing the first three episodes of the new CBC mini-series, *Backstreet*, to be aired this fall.

1970s. Prince Charles of Belgium, 39, the prince regent of Belgium from 1944 to 1951, credited with saving its monarchy, in Ostend, Belgium. The prince emerged from hiding during the Second World War when his brother, King Leopold, was interned in Nazi Germany and he acted as regent until Leopold, who was accused of betraying his country to the Nazis, was allowed to return to Belgium. During that period Charles initiated the process that granted independence to Zaire.

1980s. Stan Rogers, 35, the popular Canadian folk singer from Dundas, Ont., whose songs widely recorded include *Northwest Passage*, *For the Love of the Game* and *Barrett's Privateers* in the tragic June 2 crash of an Air Canada DC-9 in Georgian Bay, which killed 22 others (page 19). Rogers had been in Toronto, performing at the Korvillie Folk Festival's "Salute to Canada."



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A disputed grave for old submarines

In California many ears have begun carrying bumper stickers with a message of a different kind. "You are what they eat," the stickers read. "They" refers to the seafood delights in one of the world's great fishing grounds, off the northern coast of California. Now residents of that state who fear eating radiation-contaminated sea life are protesting a Pentagon plan to scuttle about 130 old Polaris-class submarines and other nuclear-powered vessels in the Pacific Ocean.

The U.S. Navy considered and dismissed several other disposal methods. These included firing the radioactive debris into space or burying it under polar ice caps. Instead, the navy decided to tow the vessels, made obsolete by the advent of a new generation of bigger and better nuclear-powered Trident submarines, into the Pacific less than 355 km from the coastline and send them to the ocean floor, creating the country's largest nuclear graveyard.

President Ronald Reagan supports the plan, but in his home state Operation Seattle faces a wave of opposition. Indeed, many Californians contend that the West Coast already has more than its share of nuclear waste. The 2,000-km western coastline, extending from San Diego to the Canadian border, has two power plants. A new Trident submarine base has been built in Puget Sound, near Seattle, Wash. There are also hydrogen bomb laboratories at Livermore, near Oakland, Calif., and a dozen nuclear waste dumps on land and sea, some of which, after fewer than 30 years, have begun to leak their deadly contents. As a result, California politicians, scientists and environmental groups have joined forces in an attempt to block the Pentagon's plan. The groups charge both the navy and the Environmental Protection Agency with deception and misleading public relations campaigns. They also claim that Operation Seattle is the spearhead of a Washington effort to outstrip EPA regulations on radiation in the United States' 13-year-long unilateral moratorium on dumping nuclear waste. Declared Democratic state Senator Barry Keene: "This is the lever the government needs to reopen the Pacific as the ultimate radioactive garbage ground."

Keene, who represents fishing towns along the state's threatened northern coastline, pushed a resolution denouncing the scheme through the California legislature in March. In February he introduced a bill in the state senate and

last December he cosponsored an assembly bill, both aimed at stopping the Pentagon plan. The senate bill, awaiting assembly approval, would require that California authorities rigorously monitor commercial fishing catches from the existing nuclear dump site off the Farallon Islands near San Francisco for signs of radioactive contamination. The assembly bill, now before committee, would require that the state's powerful Coastal Commission take legal steps to

make a mistake, if those sub carcasses start rotting and leaking too soon, the damage will be irreversible."

Navy experts are arguing their case at public hearings in Sacramento. They claim that any remaining nuclear fuel will be recovered from the submarines but they acknowledge that reactor cores and cooling pipes will remain. The navy confirms that each nuclear submarine would contain about 62,500 curies (the unit measuring the intensity of radioac-



Polaris-class nuclear submarine U.S.S. Patrick Henry: irreversible damage.

prevent the renewal of nuclear dumping off the West Coast, including Operation Seattle. "These are bills with important implications," said Gregory de Givry, Senator Keene's adviser on the submarine project. According to U.S. environmentalists, six nations—South Africa, the Netherlands, Switzerland, Japan, Britain and the United States—favor dumping nuclear wastes into the ocean. René de Givry: "If the navy goes ahead, it will be a signal to those polluters that they will get no complaint from Washington." Added Keene: "If we let the Pentagon have its way, who is to stop the nuclear industry from following suit? Remember, if we

bury, by comparison, all radioactive wastes dumped in U.S. offshore waters between 1946 and 1970—when a moratorium on dumping was enacted—totaled only 58,200 curies, by government calculations. That material, jettisoned from barges and aircraft under the auspices of the now defunct Federal Atomic Energy Commission at roughly 50 ocean dumps within a short boat ride of San Francisco, Los Angeles, New York and other coastal cities, is now the centre of a fierce controversy.

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birds—is visible from San Francisco's Golden Gate Bridge. There, 47,000 barrels of radioactive waste is scattered on the ocean floor. And this scientists have discovered in the past several years dozens of steel containers, ruptured or crushed by the pressure of 3,000 ft of seawater. Scientists found that radiation levels in seabed sediments were in places 5,000 times higher than those from normal "background" radiation. The grim findings remained a secret until San Francisco Supervisor Quentin Kopp in 1980 requested biologist Jackson Davis of the University of California at Santa Cruz to prepare a background study about the dumping. Davis released a damning report in 1980, in which he described as "very optimistic" naval experts' "guesstimate" of contamination for 100 years. Said Davis: "They claim that by that time radioactivity will have decreased from 62,500 curies to 13,000 per cub. They are saying, then, that 40,000 curies a year of waste—given that they scuttled four ships annually—will be put directly into the environment."

Under certain circumstances a lethal human dose of radiation can be as little as one curie. Still, Davis cautioned that it is impossible to determine lethal dosages with precision since the various isotopes that the body might ingest through the seafood chain must be taken into consideration. Explained Davis: "You could not devise a better way to put it into the food chain. The submarines would be used as reefs by some forms of marine life. These could be eaten by higher forms, and at each stage the radioactivity would become more concentrated."

Electrol officials in all four northern California coastal counties have passed resolutions condemning the nuclear waste disposal project. The protesters insist that the navy hold new public hearings before any final decision is reached. One could argue in early 1984. Said Mendocino County Supervisor Daniel Harnburg: "We are going to see everything we have to make the fish stop this thing."

There may be reasonable alternatives to the Pentagon plan. Davis, for one, remains convinced that there are. "The ocean is corrosive, volatile and a living environment," he said. "Put this stuff, stuff we find a better way, in a steel, dry place on the surface—not on a salt bed where it could drain into water tables, but where we can watch and contain it." The navy estimates that land burial is possible at such sites as Hanford Nuclear Reservation, in Washington state. "But obviously we prefer the dry event," says a Pentagon spokesman. "There is nobody out there, and it is cheap."

—WILLIAM SCORR in San Francisco

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John Hinckley's legacy

In the frantic moments after John Hinckley Jr. shot Ronald Reagan, on March 30, 1981, CBS TV news reporter Dan Rather announced that James Brady, the president's press secretary, had been killed by a stray bullet to the head. A half-hour later the network corrected its story but predicted

that Brady's brain damage was so severe that he would "fly up" in a "vegetable." But Brady, 43, miraculously defied the odds. After spending 10 months in the hospital and an arduous 16-month recovery period at home, he returned to work in the White House press office last November for one day a

week. Now, he hopes to step up the pace to two days. Still, his cognitive assistant, Sarah McElroy, "His spirit astounds all of us. He is determined to take on a little more each day."

Indeed, in March Brady took on quite a lot when he and two others, whom Hinckley also wounded, filed a lawsuit against Dr. John Hopper Jr., the psychiatrist who had treated Hinckley for five months before he shot Brady. Secret Service agent Timothy McCarthy is now fully recovered and back at work. Washington police officer Thomas Delahanty has also recovered and has retired from the police force. The 34-million suit, filed in Denver, near the town of Berghaven where Hopper treated Hinckley, charges that the psychiatrist was negligent in failing to warn law enforcement officials of the possibility that Hinckley would attempt a political assassination. Hopper, who acknowledged that he had never considered Hinckley to be seriously mentally ill, diagnosed him as having only minor problems and rejected Hinckley's malpractice parents' suggestion that their son be sent to a mental institution. It is expected that Hopper will reject any charge of negligence in a federal legal response, which his lawyers are expected to file shortly in Denver.

Third-party responsibility, particularly in the case of a psychiatrist who has treated a patient in confidence, is a legal mine now emerging in U.S. courts. A July, 1982, California case established a precedent where the Supreme Court is that state upheld a lower court ruling that psychiatrists must act to "avert foreseeable danger" to people threatened by the criminal actions of their patients.

Hinckley, for his part, remains confined in a high-security palace at St. Elizabeths Hospital in Washington, D.C., where doctors have been treating him since a jury found him not guilty by reason of insanity in June, 1982. The 38-year-old former drifter was a hospital psychiatrist, takes several kinds of behavior-modifying drugs and participates in group therapy sessions. He is well-liked by Aerie Foster, the young actress whose attention he said he was trying to attract with his attempted assassinations of the president. Hinckley now claims to feel " tremendous remorse for all the victims" of his shooting spree and he has expressed a desire to "prove my harmlessness to a lot of people" so that authorities will release him. That possibility, however, is highly unlikely. On 18-page August, 1982, report by psychiatrists at St. Elizabeths Hospital concluded that Hinckley "suffers from a complex and serious mental disorder" that makes him "an unpredictably dangerous person."

—DANIEL BENNETT in Washington



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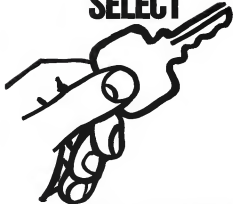
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FOLLOW-UP

Smoothing a track ride

When Princess Anne visited Winnipeg last July, her itinerary included dinner at the posh clubhouse of Assiniboia Downs racetrack and the viewing of a race in her honor. But in the embarrassment of officials just hours before her arrival, the track, owned by Michael Gobaty, whose family's holdings included the old Winnipeg firm of Victoria Leather Coat Co., announced that it was going into receivership and closed its facilities. As Deans and Co., the receiver appointed by Weightman Industries, which held a \$3-million mortgage on the racetrack, began to look for new owners, the province's NDP government stepped in to save the racing season and the track's 1,500 direct and indirect jobs. The province supported James Wright, who had owned the track from 1975 to 1981 and who had sold it to Gobaty for \$8.4 million, as operating manager and quickly reopened Assiniboia Downs on July 23. The government continued to operate the track until Oct. 15, the end of the racing season, and in April Wright bought it back for \$8.6 million.

Governments also came to Assiniboia Downs' financial rescue just two weeks after the track went into receivership. The federal government amended race-track regulations to increase the track's share of the betting pool to 22.7 per cent from 8.5 per cent. The Manitoba government is considering giving the track a grant for capital projects and already provides financial support for racing purses. Notes Wright: "This year they will spend \$1.5 million on broader advertising and prize money."

Assiniboia Downs' financial outlook is now brighter, but Manitoba's horse-racing industry has hit a snag. In March the Manitoba Horse Racing Commission announced that it had hired an Arizona, David Freeman, 29, as the province's racing supervisor, even though more than 100 Canadians had applied for the job. But in April federal Employment Minister Lloyd Axworthy reversed the appointment and ordered the commission to find a Canadian. While Winnipeg bettors are lining up at the per-mutuel windows, Canadian applicants for the racing supervisor's job are anxiously preparing for posttests at the starter's gate.

—PETER CARLWILE-GORDON
in Winnipeg



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4 Winner: Special Furniture: Bagg's Brass Beds, Thornhill, Ontario.
5 Winner: Upholstered Sofa: Central Fine Furniture, Toronto, Ontario.
6 Winner: Wall System: Wilford Furniture Shop Ltd., Niagara Falls, Ontario.
7 Winner: Accessory Furniture: Strathroy Furniture, Strathroy, Ontario.
8 Winner: Couch: Liberty Furniture Industries Ltd., Guelph, Ontario.
9 Winner: Winner's Award, Best Overall: Kingsway of Collingwood, Collingwood, Ontario.



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FOLLOW-UP

The unfashionable West

In 1979, after three-piece white suits had exhausted their run in the discotheques, New York fashion designer Ralph Lauren devised a new way to sell clothes. He returned to yesterday, when men wore rain in bid-front shirts and pointed boots and women wore lullies in leotards and garters. His neighbour Time soon became a streamer in the United States. And when Darryl Miller and Ron Kalffler began to import Lauren's updated cowboy designs in 1979 for their new Western Casual Boots 'N Jeans store in Toronto's wealthy Forest Hill, the trend moved into the city. But the risqué cowboy craze has faded. Cowpunks still wear Stetsons, boots and denim, but garish satin shirts and high-heeled purple leather are outcrops of the past.

Hollywood helped to promote the urban cowboy fad. In 1978 Robert Redford rode into the badlands sporting a cowboy shirt emblazoned with tray flashing lights in the *Marathon* *Horsemen*. And a year later dance king John Travolta traded his white suit for a tight-fitting pair of chaps in *Urban Cowboy*. Suddenly there was a demand for stylish variations on old western themes, and "3000 boots became \$200 boots," recalled Kalffler. "Everybody was there to make money." By the winter of 1980 five cowboy and western shops had opened in Toronto to cater to a young public willing to spend \$500 for an antelope-hide shirt and \$800 for red Lauren boots with red-leathered flared ryls—clothes that a real cowboy would never wear, not even in Bush Hill. At night revamped disco-gone-dorset white Stetsons go to the Wild Wild Mad West Show, a dinner theatre extravaganza at the Seaway Hotel, or to wander into new western watering holes such as Winchester's or Cowboy's. Fringed leather pants and expensive felt hats were obligatory.

The fad began to wane last year. By then Cowboy's and the Wild Wild Mad West Show had closed their doors, along with three of the western fancy stores. One tuggery, Cowboy's Don't Do, is now a tack shop. And the Urban Cowboy store on Yonge Street is expected to close this June this month. As *Newsweek* Dan Fien declared in 1980, "Toronto is not Texas, but a very sophisticated place."

Still, Kalffler, 27, and his partner, Miller, 28, have weathered the changing winds. In fact, Kalffler says that last

Christmas was their best ever. Kalffler explains that many of his customers are now interested in a modified "prep western" look that pairs conservatively colored boots with "basic" blue jeans. Ralph Lauren, Calvin Klein and Janss may have turned their sights elsewhere, but dinner cowboy clothing

endures. Said Beverly Brown, Globe and Mail fashion writer: "People who enjoy wearing cowboy boots or people who ride horses will always wear them with their jeans."

As for the trend followers, Penelope MacIntosh, 26, a sales manager for an interior design magazine, bought her first and only pair of cowboy boots—in white leather—for \$150 three years ago, even though "it bothered me to get onto a trend." But she admits that she never wears them now. "The fad wore off as soon as I got the hell from Vancouver."

—BARBARA REYNOLDS in Toronto

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COLUMN

How economics lost its credibility

By Diana Gabris

Recently, while I was leading a workshop on future job requirements, a young man asked me, "Are you satisfied to call yourself an economist? Your profession has not forecast anything right in years, and the economic policies we have had to endure have all but destroyed the economy." He had a point. Only 30 years ago economics was the golden profession. Economists had all the right answers. Their forecasts were accurate, and their policy recommendations worked. The 1960s saw economic growth average an average of 5 per cent a year, just as economists predicted it would. Students flocked to economics classes. The establishment of a Nobel Prize in economics in 1969 gave the discipline even greater legitimacy. And then the theses fell apart.

Federal tax increases in 1969 and 1973 caused a recession but failed to wrestle inflation to the ground, the voluntary wage restraint program of 1970 was also an unsuccessful inflation fighter. In 1972 Canada and the United States sold vast quantities of grain to the Soviet Union, whose crops had failed, but apparently never thought that a grain shortage would cause world prices to rise astronomically, as they did. And nowhere in the world did policymakers foresee the 1980 oil price increase in 1973, when the price of oil more than doubled to \$19.35 a barrel from \$5.11. Economists "predicted" the inflation that such a price rise would cause—after the fact. But they did not anticipate the recession created by the diversion of millions of consumer dollars from goods to pay for gasoline and heating oil. Boldly, in 1974, we had what Western economists had previously said could never happen—the coexistence of rising inflation, shrinking economic output and growing unemployment. And our economic situation has gone downhill ever since. In barely 15 years economics and economic practitioners have, according to U.S. economist Lester C. Thurow, gone from the front cover of Time magazine to being widely considered a failure. What has happened to bring about such a change?

For one thing, economists in one of the few disciplines in which the behavior of subjects can change. Everyone knows that when a supply of any good is dumped on the market, the price will fall. But after a 10-year period during which money was continuously dumped

on the market and its price—interest rates—rose, economists learned something new: price does not always fall when supply increases. If the cost of money rises, as money increases, it still makes sense to borrow, even as interest rates rise, because the presumption is that they will continue to go up. That is precisely what has been happening, until quite recently. But economists were not to figure out the reason.

That unique characteristic of economics may excuse a fraction of the failures of the economics profession. But economists have a lot of other things to answer for. In the 1960s, when economists had good messages to deliver, the profession never discouraged the popular belief that the messengers actually caused the happy events to happen. They even believed it themselves. But it has never been clear whether economists were right or just lucky. Economists are not as supreme as they once were.

'Economists have yet to explain why theories that made so much sense 15 years ago make such little sense today'

At present, we cannot put whole sections into a laboratory to prove theories right or wrong. Economists did the next best thing: They developed mathematical models. Just before I arrived at graduate school 20 years ago, economists became big stuff. Students were encouraged to formalize their thoughts about economics in mathematical equations, or the grounds that econometrics was the "real solution" to the endless disagreements about whose theory was right. By finally linking the one "true" theory, economists were able to accurately predict the future, although it has not quite worked out that way. But the profession, true to its enormous age, is reluctant to give up its scientific image, even though economic models now seem more of the past than ever.

Economists have yet to explain why theories that seemed to make so much sense 15 years ago make such little sense today. The answer may lie in the basic contradictions that most economists have learned to ignore: economic theory and reality. Supply and demand, all markets are in equilibrium, that is, through competitive bidding

supply will always equal demand. If, somehow, even supply equals to the market, the price will fall until some supplier is left with goods on the market. If there is more supply than a good, then supply of it, price will rise and some sharp entrepreneurs will bring goods to market until supply equals demand again. But the other side of economics—the big picture that led to the famous British economist John Maynard Keynes to understand that the Great Depression could go on forever unless governments intervened to create demand—is basically a study of markets that do not clear and that are not in equilibrium.

According to microeconomics—the study of how markets work—it is impossible for anyone to be involuntarily unemployed or for inflation to exist. If a person wants to work, he need only lower his wage demands and someone will hire him. Similarly, if foreign prices are lower than domestic prices, money to spend on other things. The price of those other things will fall, offsetting the energy price rise. But things have not quite happened that way. Nor have they gone the way Keynes said they would. "Real world" explanations that governments should speed their way out of a recession then stop spending in a period of recovery, governments never stopped spending.

These days, economists are disagreeable because neither of these theories about how the economy works or should work is sufficiently persuasive to be totally convincing. But neither theory can be proven conclusively wrong. Since no better alternative has been advanced, economists are seen to be suggesting that "real world" explanations that do not accord with their own favored theory either does not exist or should be ignored. Economist Thurow, in *Dangerous Curves*, his new book, which deals with today's state of economics, says that "real world" explanations are "in other words, believing that the world is flat—you can make a rigorous case on paper, but hard evidence is more than a bit scarce...." Moreover, if you choose to act as if, you can get into a lot of trouble.

It is time for economists to start looking more clearly at what is happening in there and to concentrate less on keeping their theories intact. The world will survive without them if they cannot keep up. But on the basis of past experience they would have to act to offer.

Diana Gabris is a Montreal-based columnist.



Brewed Without Compromise.



Ottawa's Civic Centre, site of the Tory convention: all the traditional baggage, but high tech will prevail

CANADA

The Tories make their choice



By Susan Riley

When the 3,140 delegates arrive in Ottawa this week to select a new leader for the Progressive Conservative Party, they will find all the trappings of a traditional political convention—baldies, brass bands, hawking and back rooms. But more than that, they will come face to face with tomorrow, starting with the most sophisticated methods of monitoring delegates ever used at a Canadian political convention. Computer beaks run by the various camps will sip up the names and voting preferences of delegates at the touch of a button. Campaign workers armed with walkie-talkies will roam the convention floor, chasing down delegates as potential targets for marital last-minute re-arranging. From the minute they step off the plane delegates will be tracked like so many Soviet missiles. And, with convention details planned to the minute

by party officials, nothing will be left to chance in the high-tech gathering of the Tory faithful—except, of course, the outcome. Despite the best laid plans of candidates, no clear winner emerged in advance of the voting. As Peter Pocklington's campaign manager, Skip Wilson, noted, "A convention is a live thing, with a separate life of its own."

From the minute they step off the plane convention delegates will be tracked like so many Soviet missiles

Even by past standards, the convention atmosphere this year is vibrant. According to recent informal polls, some 25 to 45 per cent of the delegates will arrive in Ottawa undecided, or deeply ambivalent. As for the front-runners, they will arrive at the convention burdened with ordinary human flaws that register as major political

handicaps. John Crosbie, for instance, the former Tory finance minister from Newfoundland, has been dubbed the "unfathomable candidate." In fact, his surprising strength lies in his ability to throw the party into an agonized examination of conscience, dare it fly in the face of recent history and elect a future prime minister who cannot speak French?

As for Brian Mulroney, the ill-fated baritone with the make-for-television looks, he is still fighting criticism that he lacks parliamentary experience. And the Montreal businessman's seamstress uncle had started to fray toward the campaign's end as he unleashed sharp words with the media—and threatened to sue the cbc. Meanwhile, Edmonton real-estate businessman Peter Pocklington was fighting doubts about his connection with Anway, the U.S. gyreneed sales giant, and indications that his business empire was crumbling. Like Mulroney, "the Punk" has no illusion of Commons experience. But both appeal strongly to the party's smallest right-wing youth and small business men—the new army of Republican-style Tories that want to take

the "progressive" out of Progressive Conservatism.

On the other side of the ideological divide stands David Crosbie, the popular former mayor of Toronto and health minister in the Clark government. Crosbie is armed with poor organization and rumors that his campaign is out of funds. Meanwhile, his former cabinet colleagues, Michael Wilson from Toronto, straddle the right-left ideological divide and his best business and parliamentary experience. Not right up to the convention Wilson was notably muttering the notion that he is too "bored" to win a national election and that his political base is no broader than southwestern Ontario and no longer than Bay Street.

More than any of the others, former prime minister Joe Clark has tried to adopt the mantle of former leader Robert Stanfield—a man who served to make the Conservatives a party of moderation. Clark has consistently warned that the party's future lies in the mainstream—only from that position will the Tories be able to beat a Liberal party led by John Turner. But the "No Left Turn" button that showed up at pre-convention rallies were a direct rebuke to the party of Robert Stanfield—and Joe Clark. Clark urges his party not to jettison what looks like recent victory in the next election for a move to the political right. But Clark is also fighting a more subtle war—openly a mere author's war—his own past.

Conventional wisdom has the former prime minister leading with 300 to 1,200 votes—for short of what he needs for a first-ballot victory. Most pundits rank Montreal businessman Mulroney and former finance minister Crosbie second and third—with something between 500 and 150 delegates each. Although the contest has been largely perceived as a three-horse race, late last week powerful Ontario Tories—including some of Premier William Davis' top advisers—were whispering that Wilson, the syndicated bilingual Bay Street lawyer, was making a strong bid. Perhaps not coincidentally, Pocklington said that he would lean toward Wilson if his own campaign falters. But even if the secessionists stand up at the start, what hap-

pens on the second, third and fourth ballot is still anyone's guess. Said former Bay Street lawyer "The man who makes the least mistakes will win."

Despite the coyness, some old traditions survive. By midweek the multimillioned banners will be flying high within Ottawa's great Civic Centre. Delegates dressed with buttons, wearing John Crosbie hats or David Crosbie's bright yellow jogging suits, will be jostling from breakfast, to lunch, to reception, to late-night drinks. Occasionally, they will drop by the policy workshops to get their feet up. Meanwhile, back at the 45 convention hotels—many of



Clark and his first convention-day session of the first ballot

Toronto in special railway cars, assembled all the way by the 54th group. The Travelers' Ministry, who landed by train in a busy reception at the 1976 leadership, plans a low-key arrival in an attempt to downplay the flashy free-spending image from his past.

When the candidates arrive they may not stay idly for an extended chat with an old friend in a busy corridor. Instead, they may bow to the wishes of a phalanx of advance workers wearing discreet overalls, with microphones clipped to their lapels, who will be waiting for approaching candidates—Chut, still, hungry television cameras. Chat-

chat with the candidates may only last as long as the television lights blaze—and then the candidates will be whisked away again. Timing is particularly important for "visual" appearances at cocktail parties. "You don't want your rise to be first to arrive or last to leave," says Wilson's close associate, Larry Stasman. "It is devastating for a future prime minister."

Scripting is only one part of a modern convention, but in Ottawa the degree of advance planning is unprecedented. First, there will be more than 1,000 walkie-talkies in use—by candidates, party officials and the television networks. There will also be 1,800 media people. With a potential TV audience of seven million for Friday night's speeches, it is little wonder that John Crosbie's "spontaneous" press conference demonstration has been timed to the moment. First, hundreds of Super-watching fans will march in behind him. Then, the Crosbie Crusaders. They will sing a rousing chorus of their campaign song, which fits along to the tune of Marching to Pretoria. Then they will exit, having abandoned themselves to wild emotion for precisely three minutes. Crosbie will wait 30 seconds for applause to subside. He will then attempt to speak for exactly 30 minutes. The Crosbie script was drafted weeks ago. Even Wilson and Crosbie, who plan to jog along the picturesque Rideau Canal every convention morning, had to be doing it safely for the sake of their health. They will be strutting as moving "photo opportunities."

But if the candidates are moved

around like pins on a meat map, delegates too will be under constant surveillance. The 200 frequencies assigned to the various walkie-talkies will create so much interference that television cameras will need special casing to prevent disruption of their signals. Clark's camp alone will have more than 500 walkie-talkies. All the major candidates will have specially rigged trailers outside the arena that will serve as their command posts. Inside, engineers will scan computer screens of first-, second- and even third-ballot choices of delegates. On the all-important voting day, Saturday, the trailers will function like ten dispatch rooms. Four agents will report on potential defections or conversions. Operation Command will serve other five workers to chase down stragglers. "If you can imagine trying to find one guy and 5,000 people milling around that floor, you can see how sophisticated the tracking systems have to be," says Larry Steinman. And, for the first time at a Canadian political convention, extraordinary measures will be taken to prevent electronic espionage which has plagued previous conventions. In October 1976, the Claude Wagner and Paul Hellyer campaigns used the same frequency for their walkie-talkies. They freely listened in on the other camp's conversations and tried to join the rival transmissions. "The system broke down completely," says an veteran of that campaign. "It was like trying to listen to 10 telephones at once!"

To avoid a repeat, this week, the party has tried to get candidates to rent equipment—at roughly \$125 per walkie-talkie—from one company, Christie & Walther Electronics of Ottawa. Along with handsets Christie & Walther is providing several candidates—and some networks—with their own private frequencies. "The numbers are being kept as secret, even the candidates won't know them," says Kurt Poggendorf of Christie & Walther. The Tories have even asked the federal department of communications to



Mulroney, wife, Mila, with MP Otto Jelinek, displaying the baritone

bring monitors to the Civic Centre to instantly locate any electronic pirates.

In essence the most jamming contest becomes what factors will move delegates from one candidate to another? Delegates could be courted by offers of everything from free meals to government answers, but, says Willis, those are "not worth the paper they are not written on, and delegates know that." But Robert Miller, Cranham's chief press aide, jokes that his approach to wavering delegates is "get them into whiskey, into hotels and into booths with pencils in their hands—before delirious tremors set in." More seriously, he notes that while drinks might lubricate, "they don't say votes."

Clearly, Friday's speeches will be a major factor in the delegates' final decision. Each candidate will have 25 minutes for a brief "spontaneous" demonstration and address to sell his wares

solemnity of his 1978 address.

For Jean Gauthier, a delegate from Bellefleur in southwestern Ontario, the pressure from candidates has been intense. Throughout the campaign she has received "a fantastic amount of mail," including a record from David Cranham and a tape cassette from John Gammie. The 3,000 tapes cost Gammie \$3,180 and feature 30 minutes of the candidate expounding on policy. The various camps have telephoned Gauthier at least 30 times. According to candidate Cranham, delegates have never been blessed with more attention. "They love to be courted and wooed," he says. Alfred Norman Atkins, a Toronto urban and party veteran, "They will never be as important. The attendees is fattening."

In his book *The Tory Syndrome*, Queen's University Prof. George Perkins analyzed delegate behavior between balloting at the 1967 convention. He concluded that neither patronage nor sardine frays from campaign workers influence voters as much as a candidate's personality and marketability.

While ordinary delegates like Gauthier were being alternately courted and goaded this week, in public at least, the candidates were keeping a more respectful distance from party power brokers, such as perennial pressure Peter Lougheed of Alberta, William Lewis of Ontario and New Brunswick's Richard Blais. Reasons of behind-the-scenes deal-making

Cranham with wife, Jess. Big spending ways and Newfie life



deal-making

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cession of loser to winner, the bestowing of victory, the promise of a cabinet post. Many Tories still recall the drama of 1985 when a shattered Flora MacDonald threw her support to Clark. The two embraced and snubbing supporters, and Clark laid one of his yellow scarves around MacDonald's neck. In fact, both had Tories reportedly agreed before the vote that whoever was behind would move to the leader's box.

For all the drama—natural and contrived—there are stiff eight wild cards in the play: the candidates themselves. All will be trying to avoid errors. Skip Williams was national youth director for former Manitoba premier Duft Robit at the 1982 leadership convention that elected Robert Stanfield, and he knows how costly errors can be. The first day of that convention Robit turned up for a beer-got session aware that he had to give a speech. He stumbled badly,

sting between this work in keeping with the new seniority. Mulroney has not scheduled a social event for Friday after the speeches. And one organizer, "We don't think it's appropriate. We think delegates should reflect on the speeches and not get drunk in Hall." Clearly, "slippage" traditionally is a concern to all candidates.

Crusie appears to have run the most lavish campaign. He spent an estimated \$750,000—more than his closest rival, Clark, whose campaign will cost between \$450,000 and \$500,000. Anyways at Crusie's big-spending ways may be somewhat offset by the Friday burst of Newfoundland speeches at some of his events—and the down-home flavor of pick-up singing groups like The Barking Kettle. Apart from that, there was a falling among the delegates that they had come to Ottawa for a good time, not a long time. While blatant opulence is offensive, few Tories would be content with the box lunches and coffee that have fuelled so many New Democratic Party conventions. "Times like to have a good time," says one veteran party worker. "But they like to know where their purse is at all times."

As in a game of Snakes and Ladders, there are certain pitfalls that all candidates are trying to avoid, especially before the relentless eye of television cameras. It may say something about Canadian lifestyle that so many viewers are expected to watch the Tory convention. A country cheerfully diverted by middle-aged men in dark suits delivering staid speeches may be a country badly in need of a new national sport. But if viewers are lucky—and if history provides any clues—they may be in for genuine drama. The sharp-eyed may even catch a glimpse of something resembling democracy.

With John Hay and Carol Green in Ottawa, and Lester B. Pearson and Carol Green in Toronto.



Laughed (left), Duft (above) and Mulroney, moves imbued with significance.

and after that we never recovered," recalls Williams.

Occasionally, however, a candidate can turn adversity to advantage. When the 1978 convention opened, even in mandate but MacDonald had banners and posters featuring the man he had. MacDonald's organizers had bungled the deadline for decorating. But rather than cringe at the mistake, her organizers cleverly exploited it as another example of shaming amateurs.

No candidate will be more conscious of his image than Mulroney, who will attempt to display his newfound fragility. Still, he will have close to 500 workers in Ottawa, and his convention hall will be about \$100,000. And his organizers, who will all be asked at the Château Laurier, even agonized over whether to hire a band for an eve-

ning, but it is a measure of the volatility of the convention that so many of the party's major figures came to Ottawa with no declared candidate. Longshot will set up his temporary seat in a trailer on the Civic Centre grounds. Like Dunder, he is not directly supporting anyone—but in some ways that is an indirect slight to Clark.

Meanwhile, throughout the week other influential but less well-known Tories will be making well-timed appearances in candidates' boxes and at receptions. Tory social policy critic Flora MacDonald, who still commands considerable affection in the party, will be at Clark's side. Saskatchewan Premier Grant Devine is also expected to join Clark in his roadside box before the vote. How important any celebrity endorsement actually becomes is difficult to say except for three MPs. Joe Clark had few major party figures publicly behind him when he won in 1979.

But in tight campaigns the most pedestrian details assume heightened importance. Campaign mass, for one thing, must hit the right note—nowhere close to middle-of-the-road without being out in left field. Last week a Clark adviser was out alone in remaining tight-lipped about the choice, promising only that the man would be "meaningful and in keeping with the tone of our campaign."

Earlier in the week managers from all camps hadled for yet another unanimous decision—to determine seating arrangements within the Civic Centre. By drawing lots, Crusie and Clark ended up at extreme ends of the rink, with Crusie between them—as excellent locations for apparently "symbolic walks." Expected new spinners Crusie workers: "Everyone has to come to you." The "walk" is the highlight of every convention—the portentious pro-

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CANADIAN IMPERIAL
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What they stand for

The Tory leadership hopefuls have travelled the country for the past 12 weeks, talking about jobs over breakfast, all prices over coffee and estate agencies at dinner. Although at present their platforms are little more than the thoughts of eight would-be Opposition leaders, in time they could be the signals of a new Tory direction.

Few of the eligible 3,140 delegates at this week's convention will vote on the issue of policy alone, but with an election due within two years Conservatives have begun to think seriously about what they stand for. There are neither major surprises nor radical ideas in the platforms of the main contenders. Nor is there a marked diversity of views, despite the ballyhoo about Red Tories and right-wing Tories. All those giving the private sector from men, all believe that government is too big and intrusive, that Canadian oil prices should be allowed to rise to the world level—with the companies, mainly, the beneficiaries—and that Parliament should be allowed a free vote on the death penalty.

Assess the distaste of moderately right-of-centre platforms, a few ideas have sparked heated discussion.

■ Peter Poole's call for a 30-per-cent flat tax rate for all Canadians with incomes above \$12,000 was dismissed as irresponsible by many left-leaning candidates, such as David Crombie and Joe Clark, but greeted as worthy of discussion by those further to the right, such as Brian Mulroney and John Crosbie. ■ Crosbie's proposal of a free-trade relationship with the United States formed the other candidates to spell out their views of the country's economic future. Most, including Clark, Crombie, Mulroney and Michael Wilson, insisted that Canada's destiny lies in branching out across the world. Only Poole (and Crosbie's opponent, John Gaudin) insisted that Canada restrict its foreign aid and democratic governments led to anti-searching about the country's obligations. Only Clark and Crombie agreed that foreign governments should be encouraged.

Some issues remain unclear. While all guaranteed, for example, to reduce the size and spending of the government, it was rarely clear exactly when and how the cuts would be made.

Murphy's Ottawa Bureau Chief Cheryl Gour has compiled a selective look at the platforms.



Joe Clark



David Crombie



John Crosbie



John Gaudin



Brian Mulroney



Peter Poole



Michael Wilson

What would you offer Canada's 1.4 million unemployed?

We must restore the federal government to its appropriate role in the Canadian economy. This means reinforcing federal spending and reducing the deficit. It also involves reforming agencies to the tax system to encourage investment, risk-taking and job creation, particularly for small business.

I will make business grow and profit, thereby stimulating private sector employment, and make use of the National Training Act to help individuals prepare for a changing world.

There are no miracle solutions for our unemployment crisis. What I offer is sound economic sense: to restore confidence and job-oriented investment in our economy, so I offer unemployed people realistic help for a better future.

They will have the opportunity for a job for the moment we have put in place the stimulus that is required by the private sector. This will come chiefly through a reduction in taxes. Canadians should pay less than Americans.

I would offer tax incentives for investment and research, cut red tape and send out signals that Canada welcomes investment. One of my goals would be to regain the share of world trade lost by the Liberals. During a full term in Parliament (five years), this would create 300,000 jobs.

I would hire entrepreneurs as executive talent and risk takers, allowing them to take risks, enjoy their profits and grow. Jobs would result.

Unemployment is a symptom of a weak economy. We must move away from an economy saved along by government deficits to one that relies on the marketplace. I would give small and medium-sized businesses a two-year tax holiday. That is where jobs will come from.

How do you propose to help Canada's 20-per-cent of the world's oil?

Unsubsidized free trade with the United States raises the possibility that thousands of jobs could be lost to such critical industries as textiles, furniture and footwear. Before we jump on the bandwagon of free trade, we should strengthen our industrial structure so that we are more competitive.

It's silly. Canada must improve relations and trade with the United States, of course, but our natural destiny is to become a global leader, not America's work sister.

I intend to set up a House of Commons committee to review and simplify the income tax system. The committee will examine the costs and benefits of various proposals with respect to a flat-rate income tax.

We would be taken alive. If we open our market to the United States, we won't be able to sustain our manufacturing.

Canadians rejected free trade with the United States in 1913. They would do so again in 1983. Canada must increase its share of total world trade, which has dropped by 20 per cent in the past two decades.

I believe in free trade between Canada and the United States, but we must ensure that Canadian industry gets the same access as we give the Americans.

Isolation from trade with the United States is complete and native. It would only serve to further diminish our ability to compete internationally.

How do you propose to help Canada's 20-per-cent of the world's oil?

Radically entry taxpayer with an income between \$15,000 and \$30,000 would have an immediate tax take under that proposal. No government that is serious about promoting economic growth could compromise such a proposal at this time.

Like most simplistic ideas, it collapses under responsible analysis. We need changes in both corporate and income tax, but a flat rate would crash the already hard-pressed middle class, do very little for the poor and do wonders for the wealthy.

Canadians should pay world prices for crude oil while a reasonable period. There may be a need for certain subsidies for special regions, but there is no need for crude oil price subsidies in Canada.

A simplified tax system is clearly needed. A flat tax rate has been debated, but I don't know about the \$13,000 exemption.

My immediate priority would be to simplify a tax system so complicated that not even the finance department understands it. A flat tax rate might be part of that reform.

Canadian oil prices should equal the world price.

It is important to keep an open mind on the possibility of world pricing for oil. Over the near term the price for "oil off" received by producers must not be rolled back.

Should Canada's oil be sold at the world price?

Until a new agreement with the producer, producers can be negotiated, the federal government should continue the 75-per-cent ceiling on Canadian prices. If, however, world prices continue to fall, Canadian prices should not be rolled back. What is most important is to minimize government involvement.

Canadian prices should reach world level within 12 months. Canadians would be offered subsidies to help cover increased heating costs.

Canadians should pay world prices for crude oil while a reasonable period. There may be a need for certain subsidies for special regions, but there is no need for crude oil price subsidies in Canada.

Canada should move to world levels, but the consumer should not pay a cent more. The federal tax rate should be reduced.

Canada's price should reflect the world price, rising or falling to attract the capital necessary to keep the industry in business. Details will come later.

Canadian oil prices should equal the world price.

It is important to keep an open mind on the possibility of world pricing for oil. Over the near term the price for "oil off" received by producers must not be rolled back.

What is your position on abortion?

There are certain subjects that I feel must be a matter of conscience and conviction for each member of Parliament, and abortion is one of them. I would not seek to impose a particular point of view on Conservative MPs.

Abortion should be allowed in cases of rape or where the mother's health is endangered.

I promised my constituents to put the question to a free vote in Parliament. I would vote for a tightening of the law to ensure that the mother's life is genuinely in danger.

The law must be clarified and enforced. We have people performing abortions as though they were serving coffee at a coffee party.

Abortion should be allowed in exceptional circumstances, not on demand.

Decisions should be left in the hands of the family.

Abortion should not be used as a means of birth control. The issue should be decided by a free vote in Parliament.

As a member of NATO, Canada is committed to such testing. Over the longer term, we must examine our defence commitments to ensure that they live up to our national interest.

Should Canada join the NATO alliance?

If the Geneva arms limitation talks fail and NATO's deployment of the cruise and Pershing II missiles proceeds, I would support such testing. My hope is that the negotiations will be productive.

Canada should test the cruise on part of its NATO commitment.

I support cruise missile testing to strengthen NATO's bargaining position and to convince the Soviets that the West is serious about improving its defence. If there is no agreement to achieve parity in nuclear weapons.

Of course we should permit the United States to test the guidance system. It is through weapons that wars start.

I support cruise testing if it can be shown that the system will eventually lead to a global arms reduction.

Canada should bear its burden as a member of NATO. If you believe in freedom, it's worth defending.

As a member of NATO, Canada is committed to such testing. Over the longer term, we must examine our defence commitments to ensure that they live up to our national interest.

Lights, cameras and Tories in action



This weekend close to seven million Canadians in living rooms across the nation will be tuned in to the Tory leadership convention. The five television networks—CBC, CTV, Global, Radio-Canada and the French-language private network TVA—will be testing the latest technological gadgetry in what will be the biggest media event in Canadian history. But for the two largest networks, the CBC and CTV, the most important part of the job will require more traditional journalistic skills. Both networks must regain the confidence of their viewers after their seven live coverage of the Tory convention in Winnipeg last January.

At that meeting CBC and CTV badly misread the mood of the delegates and came close to announcing that Joe Clark had overwhelmed pro-view forces. While the ballots were still being counted, CTV revealed a straw poll indicating that a decisive 78 per cent of the delegates would support Clark. Instead, with only 69 per cent, Clark denied the media predictions and called a leadership convention. David

Dallas Camp, a former Conservative party president who will appear on CTV, have strong party allegiances. But few see any problem with this mixing of roles. Says columnist Douglas Fisher, himself a former NDP MP: "Most confusions of interest are so apparent and bloody well-known that they [the commentators] can't be misled. We know where Dallas Camp stands."

To put on an impressive show, both the party and the networks are spending lavishly. They have invested more than \$1 million to outfit the hockey rink in Ottawa's Civic Centre with 300 press cabins, more than 1,000 phones, \$155,000 worth of lighting and hundreds of yards of cable to beam the activity on the convention floor into viewers' homes. Television reporters will carry battery packs and wireless microphones to enable them to move freely without fear of tripping on their cords. Despite the state-of-the-art setup, anxieties for the live networks are quiet because they are being shafted off into non-urgent and cramped broadcasting locations in the upper and rear corners of the centre, while the Tories reserve the front rows for observers who are willing to pay \$125 for club seats.

Reporters will also be banned from

the candidates' seating boxes at the north end of the arena, opposite the stage. Raymond Harrell, vice-president of news and current affairs for Global, says that the restrictions arose largely because of the PC executives' lack of experience and trust in the media. "When it comes to dealing with the media, the Tories are basic learners compared to guys like Jimmy Carter," Richard Orling and Keith Dorsey, says Harrell, referring to three of Pierre Trudeau's trusted advisers on the media. The Conservatives, for their part, argue that their first priority is the party's true believers—the 3,140 voting delegates and 1,000 alternates.

Arguments over space allocation have not been the only source of friction between the media and the party. Throughout the campaign various candidates have become impatient with the coverage that they have received. In Alberta, Clark complained: "I worry seriously about the health of the media in this country." Last month Brian Mulroney threatened to sue CBC reporter Mike Duffy for a report that said Mulroney's "kissin' ass" were forming a step-Clark alliance with the aides of candidates Michael Wilson and John Crook. David Crook, too, has

had cause to complain. He is angry that the media contacted him out so early in his campaign. The former mayor of Toronto has been treated as a dark horse with little chance of winning. "I think the press likes David, but they waste the script early without him," says Crook's former adviser, Miller. Himself a former RIT, despite the hard feelings there is no question that the bar to the Tory throne will have to be topped more closely with television. No hospitality suite throughout the three days of the convention will be without a TV, dutifully tuned to the Tory proceedings if candidates want to smile at the delegates, they will have to learn to smile at the cameras first.

—CAROL BRUNN
in Toronto

CBC's Patric Macneil: savoring more than traditional skills



Of the 1,600 accredited journalists, between 600 and 700 will represent the networks. As usual, each network will rely heavily on guest commentators—close to 25 have been lined up by the networks—and at times it will be hard to see the politicians for the pundits. Many, like Tory pollster Allan Gregg and



Air Canada DC-9 in flames on the runway in Cincinnati. Forest (below): 22 died with a minute of the landing

A burning nightmare at 31,000 feet

From his second-row window seat on Flight 797, Torontoan Richard Forest, 65, was only slightly alarmed when the Air Canada steward walked past him toward the rear of the DC-9 carrying a fire extinguisher. The maintenance consultant had worked for the airline for 15 years and for him last Thursday night's flight from Dallas to Toronto was fairly routine. "There was a little smoke in the back of the plane," Forest said afterward. "There was the impression that everything was under control." But it was not. In 30 minutes, 23 of the 46 people on board were dead.

Shortly after 7 p.m. EDT a passenger alerted a stewardess that smoke was coming from one of the rear lavatories. Raymond Chaffetz, 23, of Las Vegas, said later, "The stewardess opened the washroom door, and a cloud of smoke came pouring out." The stewardess slammed the door, but soon the smoke belched from the cabin. The pilot, Capt. Donald Cameron, radioed the Federal Aviation Administration control centre in Indianapolis at 7:06 with the message, "Mayday, I have a fire on board." At the time the plane was cruising at 31,000 ft. In only 13 minutes Cameron was on the ground at Greater Cincinnati International Airport after bracing the DC-9 down, as one passenger put it, "like an airplane." The pilot's last message to the tower just before he landed the aircraft was, "I can't see

a thing." Like the rest of the plane, the cockpit had filled with smoke.

"It was really scary. The smoke was unbearable," said Forest from his hospital bed at Beth Memorial in Florence, Ky., near Cincinnati, where he and 14 other passengers were being treated for minor inhalation and minor injuries. "The smoke was very dark and so thick that there was no light in the cabin." And there was fire, the greatest fear of fire. In the enclosed tube of the aircraft it spread quickly through the synthetic-covered walls and ceiling. The DC-9 has a capacity of 355 passengers, but with only 41 aboard, the flight attendants moved them forward and had them put their heads down. Forest joined the other survivors in praying the work of the attendants. "There was no red panic. The passengers were remarkably calm."

Cameron's performance was truly remarkable. His chair was on fire in the smoke-filled cockpit as he landed the plane. The fire exploded on impact, but Cameron quickly brought the plane to a halt. As rescue crews raced to help, emergency exit chutes swarmed from the plane, and the first flames shot from the fuselage. Jack Barry, assistant director of operations at the airport, said that when the intensity of the fire quickly increased, the rescue crew had "maybe a minute" to get out. Forest said that he panicked for a few moments, thinking a rush to the exits might be more dangerous than the smoke. "I had to feel with my hands to tell if the man in the seat next to me had moved out. I crawled to the exit because there was some air about a foot above the floor. After sliding down the chute I looked back. I think I must have been one of the last to get out."

The 23 who did not, in the front and mid-section, died of carbon monoxide poisoning within a minute of the plane's landing. Twenty-one were Canadians, as were 14 of the 18 survivors. Barry credited the fire crew members, who were the last to leave the plane through smashed windows, for "getting all those people off who did get off." When First Officer Claude Oudet escaped, his uniform was still on fire.

It could be weeks before investigators—including the FBI—determine the cause of the fire. Initial findings focused suspicion on an electrical pump in the toilet and on a cigarette. And the tragedy added to the list of problems that have plagued the DC-9—a plane that is valued by the industry. Barlow Thorsley was crashed in Seattle, Indiana, killing those passengers, on May 13 as Air Canada DC-9 skidded off a runway in Regina, and recently the plane in Thursday's tragedy dropped its tail end into the Atlantic in Sept. 1976. Under the precautionary care of a lung specialist in Florence, Forest emptied himself and the survivors over the lucky. "The hospital was through a disaster drill just a couple of weeks ago," he said. "So they were well prepared for Thursday night. We were very fortunate."

—EAL QUINN in Toronto

The anguish of the B.C. fires

The rains finally came to the Bulkley Valley in central British Columbia late last week, dampening its biggest forest fire in a decade, one that consumed 25,000 metres south of Hazelton. The blaze began after two British tourists allowed a fire smokehouse to catch fire on May 29. Before fire crews got the blaze under control on Thursday, the fire had burned 30,000 acres of forest, threatened the town of Hazelton (located between Prince Rupert and Prince George), and especially kept from clearing to clearing, destroying six houses along the way. Cooler temperatures and cloudy skies also helped reduce the risk posed by another huge fire, which has burned 24,500 acres of trees along the Alouette Highway 145 km northwest of Fort St. John. But with the fire waxes barely upon the prairie, British Columbia is preparing for what could be one of the worst years on record. (The Interior has escaped the worst weather that has ravaged most of Canada since late March.) Fully 130,000 acres have been burned—almost six times the loss by this time in an average year.

The statistics barely reflect the plight of the likes of high school teacher Richard Ross. His six-bedroom log house, which he and his family built 13 years ago, was reduced to a thin layer of ashes and two standing chimneys. Neighbor Frank Liberman, who lost a house he had built over the past five years, is still stunned and not yet ready to face rebuilding on the ruins.

No one died in the fire that began on a hot Sunday afternoon and spread rapidly, burning 2000 acres in the 25° C heat within two hours. "I saw up about 345 pm," said forest service spokesman Terry Walker. "I was at the Ross ranch at 8:30 pm, and it came over the hill about half a mile away. I could feel the heat. It felt like it was blowing the hair on my arms." Before the threat to Hazelton was lifted, 50 fatalities were in action against a blaze that cost about \$5 million to subside.

As for those responsible for the fire, they are no longer in the area, having left for Alaska. But Walker says he is considering laying charges. "It's a sticky thing obtaining proof, as the fire actually destroys much of the evidence," he concedes. "There was no prohibition against campfires in the area at the time, and it was hot and dry. It's unfortunate for them that it was their fire that took half a century to start. It's unfortunate for families like the Rosses."

—MALCOLM GRAY in Vancouver



Anti-Sandinista rebels in Nicaragua cremation crates marked 'Made in Canada'

The trail of Canadian bullets

Reports are common that anti-Sandinista rebels fighting in Nicaragua were U.S. Army issue boots, pants and belts and carry U.S. field radios, grenade launchers and radio sets. But there was surprise last week as the House of Commons debated a report in *The New York Times* that some of the ammunition may have originated in a munitions factory near Quebec City.

Peter McCormick, a freelance writer, spent five days with *ren* (Nicaraguan Democratic Force) guerrillas last month and discovered wooden crates of Canadian-made ammunition in guerrilla camps. The boxes, McCormick reported, had "Canada" or "Made in Canada" and "M40 7.62-Ball" stencilled in red paint on the ends and contained standard NATO ammunition that fits the Belgian rifle rifles carried by many of the guerrillas. In Ottawa, Minister of State for External Relations Charles Lagimodier told reporters that, if the story is true, it proves that Canadian safeguards on munitions exports "are not good enough." Under Canadian law no permits are granted for arms shipments to countries engaged in conflict, under threat of conflict or posing a strategic threat to Canada. In 1982 Canada exported \$60 million worth of military machinery and armaments. That, try-

ing to determine how the bullets ended up in Nicaragua could prove difficult—and politically sensitive.

Pastor Valero-Garay, Nicaragua's congressional in Toronto, has blamed the Central Intelligence Agency (CIA), which he said spent \$10 million in Honduras last year to support activities against his country. External affairs officials, who are conducting an inquiry, say there is no evidence of CIA involvement. But certain signs do point to the United States. The sole Canadian manufacturer of the NATO bullets is Valmet Industries Inc. According to Jean-Jacques Paradis, Valmet's national marketing director, the company's only large export of the bullets over the past 18 years went to the United States in the early 1970s. Although Valmet Industries exported the bullets to Korea, Colombia, Australia and the United States in the past two years, the amounts were insignificant, said Paradis. McCormick told *Maclean's*, "The guerrillas use a lot of this ammunition and they must be being supplied." But investigation along the heated trail of the Canadian bullets may reveal no more than the off-proven fact that there are no real safeguards on the murky world of arms dealing.

—GAILAN MACLEAN, with Ann Parkinson in Toronto and William Leather in Washington

A raid in the abortion war

The police raid on the white stone house on Windsor's residential Corydon Avenue began quietly enough. Around 9 a.m. last Friday a plainclothes police van pulled up to Dr. Henry Morgentaler's four-week-old abortion clinic and ignored about having an operation. Told to come back later for an appointment, the officer returned, this time armed with a warrant and backed by two other plainclothes and five detectives. Within moments several officers emerged and escorted a doctor, two nurses, the clinic's receptionist and two other women to police headquarters for questioning. Inside



Windsor raid: the search was 'very thorough'

the house the remaining detectives conducted what Morgentaler's lawyer, Greg Brodsky, later described as "a very thorough search." After two hours a paddy wagon pulled up at the clinic's back door to take away another group. That time the four women and a man, possible clients of the clinic, kept their heads hidden under blackens to conceal their identities from reporters and jeering anti-abortion protesters.

By noon police had released all those rounded up in the raids without laying any charges. But that did not stem the rising danger of controversy. When he heard the news, Joe Borowski, the for-

mer NDP cabinet minister who now leads Manitoba's anti-abortion forces, rushed to the clinic to express his approval of the police move. "I've done a great job, gals," he declared. The pro-choice forces reacted just as swiftly. From his clinic in Montreal, Morgentaler indignantly condemned "the unprovoked action of disturbing the patients and staff at night." One of his supporters rallied outside the provincial legislature bearing T-shirts that read "Joe Borowski's mother had no choice." In the meantime, messages of support came from across Canada. One telegram, from St. Vancouver women, was typical. "This war has started again," it read. "We will raise hell and money."

Although the raid was expected after a month of pro- and anti-abortion demonstrations and scuffling in front of the clinic, the timing was a surprise. Only the day before, Manitoba Attorney General Roland Penner, who personally favors freedom of choice, termed as earlier police report on the clinic's activities "inconclusive." As well, the NDP cabinet is helplessly split on the issue. So far, the government has refused to grant hospital status to the clinic, which would permit it to perform legal abortions. The raid has only increased the pressure on Premier Howard Pawley to take a definitive stand.

Among the problems stalling the politicians is the question of whether there is a good legal case against the pro-choice champion of abortion on demand. Morgentaler has already been acquitted three times by Quebec courts on the charge of performing illegal abortions. Judges consistently concluded that he was merely performing "necessary" medical operations. Confident that Manitoba parties will also stand by him, Morgentaler has vowed that he will keep the clinic open.

His opening move, however, if charges are laid, will be a court decision. Manitoba's politicians seem poised confronting the question much longer. This week, as the police deliver their report on the raid to Senior Crown Attorney Wayne Hryshchuk, opponents of the clinic will likely raise good their threat to deluge the legislature with phone calls, letters and many demonstrations. For the time being, one of the century's most divisive legal and medical problems is firmly sewed on the provincial government, and, even more, on the back of Corydon.

—VAL ROSS in Toronto, with Peter Gault-Grange in Winnipeg

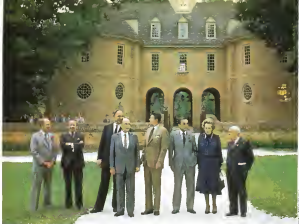
From Quid No. 1

What proves beyond question that the Scots are far from canny?

They would be canny if they were to
And with every party
Proclaim
Bottled in Scotland
Curry Sark
And they would be canny if they were to
With an eye for an eye, the Scots may
be giving Scotland whisky
So long as the party and
would have to be
From the Scots are not so
Curry Sark out of
To show even one drop of



BLEND
SCOT'S WHISKY
CURRY SARK
CUTTY SARK



Western leaders posing for photographers during the Williamsburg summit. The emphasis was on compromise, not controversy.

WORLD

How Reagan runs a summit

By Michael Posner

Midway through President Ronald Reagan's reading of the 5,000-word Williamsburg summit communiqué, there was a sound of creaking furniture. Unseen, somewhere behind the imposing dais, a chair or scaffold had collapsed. For an instant, 100 hastily security agents froze. The president paused, then calmly quipped, "Mixed nuts?" A wave of relieved laughter swept through the College of William and Mary ballroom. Reagan's reports was a 600-page tome for last week's sixth annual gathering of industrial states. Deliberately tempering complaints about U.S. policies, the seven summit participants—from Canada, Japan, Britain, France, Italy and West Germany—afforded Washington its average yearly unweathered.

Still, the Williamsburg talks will el-

most certainly have a notable impact on international and national politics. West German Chancellor Helmut Kohl seemed to have Reagan's approval to explore a possible East-West summit with Soviet leader Yuri Andropov later this year. Opponents of Prime Minister Yasuhiro Nakasone, upon his return to Japan to campaign for parliamentary elections, charged that he had exceeded his mandate by signing Tokyo too closely with NATO's position on defense. In France, where the franc fell to record lows against the U.S. dollar, President Francois Mitterrand faced similar accusations. And the Communists gave him cautions actually threatened to withdraw their support. And the summit's publicity, of 1980-century Williamsburg, the Western leaders asked back their attention to avoid last year's heated arguments on East-West trade. The clear emphasis was on compromise

rather than controversy. The result was a summit of genuine if modest agreements—both on broad economic goals and, for the first time, an arms control and collective security.

In varying degrees, each of the seven summiters expressed satisfaction with the three-day meeting. Canadian Prime Minister Pierre Trudeau was particularly effusive. He congratulated Reagan on Williamsburg's "unqualified success." Trudeau was impressed by the president's determination to stick to an uncontrived agenda. The informal give-and-take of the discussions yielded a free exchange of views, said Trudeau, and the process established a good basis for trust. "Reagan took a very big gamble that we could produce results without a preordained commitment and he was that possible," the Prime Minister declared.

Washington had made no secret of its

interest in drafting an arms control communiqué. That interest hardened into resolve when the Soviet Union moved only a day before the summit that it would put additional 32 SS missiles into Western Europe if the NATO allies proceed with the planned deployment of theater nuclear weapons. Given advance notice of the administration's intent, Trudeau and other foreign leaders arrived in Williamsburg prepared for the debate.

Reagan broached the subject early, during the opening dinner at Carter's Green, the historic on-site plantation on the banks of the James River, south of Williamsburg. Acting as moderator, the president began the discussion with a strong push for deployment of the cruise and Pershing II missiles as scheduled in December. Only then, Reagan contended, will the Soviets enter serious negotiations. He yielded the floor to British Prime Minister Margaret Thatcher, who endorsed Reagan's view. So did Nakasone. But Mitterrand disagreed. The French president raised two basic objections. The first was to exempt from an economic summit should not be a cold political statement, he argued. More important, it would be difficult for France, not formally part of NATO's military command, to sign a declaration supporting such a policy. Mitterrand eventually agreed to sign, although only after editorial changes had been made in the text. At the end of the meeting, Reagan produced about eight pages of handwritten notes, took them upstairs to where the foreign ministers had gathered for coffee and invited Secretary of State George Shultz to draft an arms control statement.

The original version was little more than a reiteration of the U.S. negotiating position at the Geneva talks on Intermediate Nuclear Forces (INF). Foreign ministers spent Sunday morning writing amendments and then the leaders rejected two drafts. As Shultz, who stopped lunch to keep searching for a sensible compromise, put it: "It's like when you go to a platform in the Marines and you look at the rifles. You always find some dirty rifles—that's absolutely routine."

The inspection officer at the inn was Trudeau, who insisted that the communiqué should reflect the West's earnest commitment to staying on track as well as—if the Geneva talks fail—to deployment. "We've got to bait our asses for peace," he bluntly told his colleagues. The effort was needed, Trudeau added, not to appease Moscow but to convince the growing domestic peace movements of U.S. sincerity.

The Canadians also opened including a reference to the independent nuclear forces of France and Britain. The

Soviets want those systems included in the Geneva talks. NATO has so far refused. Trudeau argued that the summit declaration should concentrate on general principles and avoid the substance of negotiations. Britain's Thatcher, too, doubting adversary last week, contended that the Kremlin's position was simply an attempt to divide the West and had to be addressed. Trudeau lost that argument.

The final text was a patchwork quilt that all countries could wear comfort-



Trudeau and Reagan: a modest victory

ably. But it said little. "Consideration of these French and British systems has no place in the INF negotiations."

The economic declaration proved less contentious but no less time-consuming. Talks of "shrimp"—the summit outcome for bureaucrats—worked until 5 a.m. on the final day of the meeting to draft the text and the annex agreement. The discussion then shaped the end product: more frank and often spirited. The French, as expected, attacked the rising U.S. dollar, high interest rates and the \$200-billion U.S. deficit as ma-

jor obstacles to a sustained global recovery. Unless the projected debt is sharply reduced, said French Finance Minister Jacques Delors, interest rates will rise and the recovery will abort. That would have serious political repercussions for North and South alike. And some Third World nations might be pushed into outright default. The French were not alone in their criticism, but they were certainly the most outspoken.

The Reagan administration countered that it had performed admirably in fighting inflation and interest rates. Treasury Secretary Donald Regan predicted that the current recovery would be far more robust than most people expect. That alone would help reduce the deficit for 1985 and 1986 and ease pressure on interest rates. Washington bluntly told the Europeans that the present moderation in working and that it will not change the prescriptions.

The 1,200-word final economic declaration was clearly the work of compromise. Balancing the divergent needs of its authors, it was long on common goals (less inflation, lower deficits) but short on specific measures to reach them. No leader pushed his position too hard, and each yielded enough to allow all the participants to claim modest victory. Mitterrand was able to point to language suggesting that Washington will be more willing to interfere in exchange markets to stabilize currencies. He also won a paragraph promising consideration of a high-level conference on monetary reform. Trudeau argued successfully for a statement on energy conservation and for a plan to monitor efforts to curb protectionism. The rift that so troubled last year's summit at Versailles—trade with the Soviet bloc—was carefully downgraded to three paragraphs.

Indeed, it seemed likely that the Williamsburg conclusion would be remembered more for its politeness than its economic work. Over lunches and dinners the leaders exchanged views on the globe's trouble spots—from Central Asia to the Horn of Africa and Southeast Asia. And the summit preceded a strong accord on the West's approach to the Soviets. Said Canada's External Affairs Minister Allan Rock: "This issue [the INF negotiations] is a leading concern and will be talked about."

The publicization of Williamsburg may have been a turning point in the summit's development. More probably, it was a sober recognition that the genuinely important issues cannot be avoided. Despite the differences over inflation and interest rates, trade agreements and the summit itself—was, as Trudeau put it, "an complete as I could want to see it." □



Arafat's forces in the Bekaa Valley, deepening divisions in the rank and file

THE MIDDLE EAST

Is Arafat losing control?

As the longtime enforcer here of the fractious Palestine Liberation Organization, Yasser Arafat has always played a precarious role. Always using the language of the radical and the moderate, he has managed for 12 years to hold together the many ideologically divergent groups that fight under the banner of the PLO. An irascible optimist, he has always dealt with the frequent reports of revolt within his ranks with a shrug, a smile and intense backdoor maneuvering. But last week, as operations unfolded that an attempt had been made on his life and his supporters defected in large numbers, the guerrilla-turned-diplomat finally seemed to be losing his grip on the PLO leadership.

The immediate cause of the most recent trouble at first seemed to be Arafat's appointment of two unpopular officers to command battalions in Lebanon's Bekaa Valley. But even so Arafat's move, to quell the revolt, a more serious explanation surfaced. Syrian President Hafez al-Assad, bitterly opposed to the Israeli-Lebanese agreement on troop withdrawals, was secretly behind the street. Assad was exploiting dissent within Arafat's ALP faction of the PLO and attacking Arafat's moderate attitude to Washington's Middle East peace initiative. By

week's end his subversion seemed to be succeeding. After dozens of members of Patah claimed that 10,000 guerrillas had joined them, fighting between pro- and anti-Arafat forces claimed as many as 40 lives. Not only that, the revolt in Patah had spread to other factions. The Popular Front for the Liberation of Palestine-General Command gave full support to the rebellion, which it described as a "rebirth of the revolution." And the Democratic Front and the PFLP together issued a statement calling for reform "to end the bureaucratic role" of certain unnamed PLO factions—a clear reference to Arafat's leadership. As Arafat recoiled nervously, "Ya Beirut I had the upper hand and the main power to make demands. Here the decision is for Assad, not for me."

The PLO leader's growing isolation on the eve of this week's first anniversary of Israel's invasion of Lebanon highlighted the fragility of the Arab country's current position. Arafat's Patah divisions called for a military solution to Israel's continuing presence in Lebanon, US special negotiator Philip Habib returned to Washington to report the failure of his attempts to secure withdrawal of Syrian troops. And the state department revealed several US ambassadors in the Middle East for talks on the situation. For his part, An-

and underlined his hard-line stance. "From our point of view the [Israeli-Lebanese] agreement is in a state of collapse and decay." Assad's position seemed to leave only two possible scenarios, outright war between Syria and Israel or the de facto partitioning of Lebanon between Jerusalem and Damascus. Cautious as a US diplomat in Beirut, "The Lebanese are caught between the Israeli need and the Syrian interest."

Indeed, the continuing foreign presence has frustrated most attempts by Lebanese President Amal Gemayel's government to repair the damage caused by the Israeli invasion. The invasion was the culmination of eight years of fighting, which destroyed the country's social and economic base. Emergency aid has helped restore rudimentary services, but Gemayel's director of reconstruction, Mohamad Atallah, estimates that it will cost \$15 billion (US) over the next decade to rebuild the country. The oil-rich Arab states, who could provide that kind of money, had their aid to the withdrawal of foreign forces. And Western investors who fled to Beirut as the post-conflict euphoria last fall now feel that the situation is too risky for investment. Lebanese Mayor Rashid Badrakhan of the Rasmeeh Lebanon-France. "The program cannot start until public order is restored."

But peace in the streets is still a distant goal. Fighting between Druse Muslims and Christian militia has claimed more than 200 lives in recent months. It

May former Lebanese president Bakdash Frayaj, former prime minister Rashid Karami, Druse leader Walid Jumblatt and Lebanese Communist party chief George Hawi announced that they had organized forces to oppose Gemayel and the Israeli-Lebanese withdrawal agreement. There is speculation that they will set up a "national front" administration government in northern Lebanon under Syrian protection. Meanwhile, the Christian militia factions, tentatively disbanded, continue to run what is effectively their own mandate. They levy "taxes" on restaurants and gas stations and operate protection rackets.

The Lebanese who are suffering the most are the Muslim minority, particularly the Palestinians refugees who no longer enjoy PLO protection. The UN Relief and Works Agency claims that at least 30 Palestinian refugees—men, women and children—have been murdered by unidentified gunmen since January. Palestinian shops and homes have been looted. Civilians living outside the refugee camps have been warned to move back—or see their houses destroyed. In Sabra and Shatila, where as many as 800 refugees were massacred by Christian militiamen last fall, survivors report the appearance of crudely photographed pamphlets. The leaflets show a massive boat sinking the heads of an Arab dressed in a kufiyeh headband. The written message warns all Palestinians to leave Lebanon.

Is there a war near Beirut a war scenario



Last year's invasion also left a bitter aftermath in Israel. More than 170 Israeli soldiers and civilians have been killed in Lebanon since the end of the heavy fighting last August, leading to demands from the Labor Opposition for a unilateral Israeli withdrawal. But last week it was the plight of the Palestinian former president Arafat, that held entire stage. Last week Patah's senior official in Lebanon, Abu Akram, announced that he was joining Abu Musa, the former deputy head of PLO operations there and one of five Patah leaders who led the revolt four weeks ago. In all, 30 senior PLO officials have defected. Said Abu Akram, "We have many political, military and organizational objections against Arafat." PLO moderates, he added, should return to exile in Tunis, "to rest on the beaches and let us stay in Lebanon and fight the Israeli army."

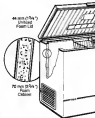
In a seventh attempt to contain the revolt, Arafat shifted between PLO contingents in the northern part of Tripoli and the Bekaa Valley in the south-east. He also turned to outside sources for help. After receiving a Soviet diplomatic team in Tripoli he designated the PLO's second-in-command, Abu Iyad, to Moscow to plead for Soviet support. Arafat also sought the help of Saudi Arabia. After discussing the matter in cabinet, Saudi King Faisal was said to be "extremely concerned." On Friday Arafat personally flew to Damascus to seek official support from President Nicolas Cessaire's government.

There was some speculation that Arafat might split Syria from the walls news before a "revolutionary court." But that risked deepening the divisions within the PLO. There are painful memories of the last time such a trial was held. In the early 1970s Abu Nidal was condemned to death in his absence for his radical stance. But he stayed behind in Syria and has since ordered revenge killings against PLO figures considered "left" in Israel.

Arafat's best hope of survival seemed to lie in the shelter of an obvious necessity. No one underestimates the value of his unique mediating role, and some observers said Syria was unwilling to see him completely pushed aside. For his part, Abu Iyad urged him to rethink his position so that "the march may go on." Palestinian leaders in the Israeli-occupied West Bank would also be reluctant to see him go. They fear the PLO rebels' confrontationalist style will further impede moves to create a Palestinian state. But such support was small comfort to the beleaguered leader, and few doubted that even if he succeeded in clinging to office, Arafat has personally lost much of his authority.

—BOBIE WALKER
in Beirut

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Preparing for a showdown

For several days intelligence reports warned of large concentrations of guerrillas gathering in rural areas of El Salvador. Then Radio Venezuela, the rebels' broadcasting station, announced that the guerrillas had accepted an important military communications post in the eastern province of Morazan. During last week's attack, the insurgents' radio reported, members of the government's elite 1,800-man Atlántida battalion were pinned down by mortar fire. A broadcaster claimed that 90 soldiers of the U.S.-trained force had been killed or wounded and that 40 others had been taken prisoner. Meanwhile, the guerrillas announced the launching of a campaign of assaults on El Salvador's battered economic infrastructure. Then, Radio Venezuela delivered a rubric warning to the soldiers' relatives: "Resist on the dangers facing your husbands and sons."

The guerrillas launched their offensive just as members of the four-nation Contadora Group and Spanish Prime Minister Felipe Gonzalez began searching for methods to negotiate a settlement to the conflict.

But the Contadora Group's efforts failed, largely because of the miscommunication of the warring nations and Washington's decision to adopt a more direct posture in the region. U.S. Secretary of State George Shultz announced that he is withdrawing Dennis Blanton as ambassador to El Salvador, a move widely viewed as a signal that the administration is preparing for an outright confrontation with the guerrillas in the region. Washington made the appointment less than a week after the sister of Thomas Ender, the U.S. assistant secretary of state for inter-American affairs and an advocate of a negotiated settlement to El Salvador.

The administration's tough new line overshadowed the efforts of the Contadora Group—Mexico, Colombia, Panama and Venezuela—to find an independent solution to the area's conflicts. After 16 hours of discussions among foreign ministers from Central American governments in Panama City, the group seemed farthest than ever from easing tensions between Nicaragua and Honduras.

But U.S. officials were not surprised

Ronald Reagan's special envoy to Central America, Richard Stone, left for a 18-day fact-finding mission in the region, he said that prospects for a negotiated settlement are dim.

That verdict was also a blow to Gonzalez's mission of reconciliation. The Spanish prime minister last week made a five-nation visit to Latin America. From the start he was critical of Washington's "negative" influence in the hemisphere and he rejected Shultz's argument that the conflict is the product of the "Soviet-Cuban-Nicaraguan axis." Gonzalez supported the Contadora Group's assertion that "the roots as well as the resolution of the crisis can be found in the region itself"—a reference to an overwhelming poverty.

Meanwhile, another attempt at a democratic solution in El Salvador suffered a setback. General elections are scheduled in the undeclared country in November. But last week it was revealed that a promised U.S. grant of at least \$5 million to finance the vote had been held up in Congress. As a result the election might have to be postponed until March 1984. Now that the guerrillas' increasing offensive has been matched by Washington's resolve to counter force with force, it may be too late to break the cycle of confrontation. —PAUL KILGAM in San Salvador, with MICHAEL GOODMAN in Mexico City

AUSTRALIA

Hawke's bumbling beginning

When Bob Hawke led the Australian Labor Party to a sweeping electoral victory over his conservative opponents in May, he faced the formidable task of trying to ease the nation's severe recession and repair the devastation caused by drought. Hawke scored impressive early triumphs, including a brilliantly orchestrated press and house party, styled out between business and trade unions. But the new government has been increasingly embarrassed by its own mistakes. One of the most controversial moves was a government order to the Royal Australian Air Force last April to operate spy flights over Taiwan, where the Liberal state government has been pushing ahead with a hydroelectric development against Canberra's wishes. Attorney General Garry Evans, who had given the heavy-handed order, said, "It seemed like a good idea at the time."

Last week, as Hawke began his first overseas trip as prime minister—he is visiting Toronto, Washington, London and Paris—he was trailed by a series of "good ideas" that had crumbled. He has admitted the electricity with a tough anti-drought, which raised taxes on pensions from five to 30 per cent, and collided with the media over alleged security breaches and impropriety in high places.

One major embarrassment arose after the weekly National Times accused the Australian Security Intelligence Organisation (ASIO) of wiretapping the telephone of senior government officials in Papua New Guinea. Hawke was forced to make a hasty call to Papua Prime Minister Michael Somare to assure him that his own wiretapping had not been bugged. Then, a TV program charged that the Labor premier of New South Wales, Neville Wran, had tried to influence the outcome of a 1977 criminal court hearing. And, while Wran fled a libel suit against the network, he has agreed to leave aside pending the outcome of a royal commission investigation into the affair.

The most galling crisis to rock the Labor government resulted from the April 22 explosion of Soviet diplomat Valery Ivanov for alleged spying activities. Reports began to emerge that the ASIO had been investigating links between Ivanov and former Labor party national secretary David Cooke. On May 12 Hawke ordered the Labor str to have nothing to do with Cooke, even a professional lobbyist. Hawke then stated in Parliament that "there is no foundation that Cooke is, or ever was, a

Soviet spy" but admitted that Cooke's friendship with Ivanov raised serious security concerns. Hawke's solution to the Cooke affair was to appoint a second royal commission without consulting his cabinet colleagues. An explanation why he had wanted Cooke extracted when there was no evidence linking him to espionage activity.

The most charitable explanation for

Hawke's misjudgment is his inexperience. But the voters, who had great expectations of the former trade union leader, have been less tolerant. In its first public test, the May 30 by-election in Melbourne, Labor lost to the incumbent Liberals. Hawke blamed the defeat on his tough budget. But so opposition critic said it had more to do with the government's image of incompetence. Whatever the cause, the Hawke government can ill afford to continue alienating voters with the ineptitude that has plagued his first 100 days in power.

—PHILIP GREENARD in Sydney

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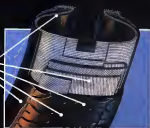
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Director (left), Landy immortalized

Last week in Vancouver two middle-aged men stood before a bronze statue that captures forever the moment as Aug. 7, 1964, when one of them looked the wrong way and lost the Race of the Century. At 55, John Landy is balding, and Ray Raper Benister, 54, walks with a slight limp, but both are in better shape than the 20-year-old Empire Stadium, which is about to give way to the winner's ball and a new domed stadium. The two finest competitors came to say goodbye to the site where they established the Miracle Mile Benister, who became the first man to run a mile in less than four minutes, is now a London marathoner. He still vividly recalls the final turn when he passed Landy on the right as the turning Australian looked over his left shoulder. Landy cannot forget either, though he beat Benister's record by 0.4 seconds on June 23, 1964, six weeks after it was set. "In Australia, there are no prizes for finishing second, and they have immortalized my mistake in bronze," he said with a smile. The Melbourne agricultural researcher and farmer was a witness to the changing times during a run-and-walk mile race held at Belmont during a Vancouver Whitehorse water game, the first four runners finished the race in less than four minutes.

When 20-year-old drama student Ray Shedy landed a role in John Badham's *WarGames*, she was still working on her first film, *Red Dawn*, starring Susan Piver. "I can't even remember how many times I auditioned," Shedy said at the opening of *WarGames* last week in Toronto. But her perseverance paid off. Not only did she get the part, but when director Badham recognized the potent onscreen chemistry between Shedy and the film's 20-year-old star, Matthew Broderick, he capitalized on it. Shedy plays a high school student whose hardware-obsessed boyfriend mysteriously turns into the U.S. war computer believing that it is a new videogame, nearly setting off the Third World War. "It's great to be in a project that has a message," said Shedy. Judging from the early success of *WarGames*, there are prodigious projects ahead for the actress, but for now her only film plans are to act in a play this summer.



Shedy's perseverance

Mark Medoff's *The Magistrate* will lead to a return to her studies at the University of Southern California. "I wouldn't do just anything that came along," said Shedy, "but I do support myself."

Former Parti Québécois house leader Claude Charron may have run her political career when he stole a \$200 sports jacket from Eaton's in

Montreal in January, 1982. But the incident, along with his public acknowledgment that he is homosexual, has helped to make his 225-page memoir, *Disobedience* (Doubleday), a runaway best seller. The book was launched amid festivities in Quebec City and Montreal last week, and guests included ex-ontario-governmental affairs minister Claude March, Premier René Lévesque's wife, Corinne Cook, and former separatist firebrand Pierre Bourgault. For his part, Charron made an appeal for "tolerance and friendship" among all Quebecers. In his book, Charron explains that the theft had been a "suicidal" act, partly due to the dichotomy between his private and public lives. Representing the majority as an elected official clashed with his life as a member of the homosexual minority, he said. By 1981, after the referendum defeat and the "betrayal" of Quebec at the constitutional conference, Charron had lost his taste for politics. Wrongly implicated in unfounded allegations that pornography was being made in the national assembly, he became increasingly depressed. Finally, the shattering incident forced his resignation from cabinet, and last year he resigned his seat after pleading guilty to a charge of drunken driving. But Charron claims that he is now at peace with himself and ready to write another book.

—EDITED BY MAUREEN ROSENTHAL

Charron autographs copies of *Disobedience* for "tolerance and friendship"



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SOFT DRINKS. ONE OF LIFE'S LITTLE PLEASURES.

The fall of a financial empire

By Walter Stewart and James Fleming

On Jan. 7, in a lightning action, the government of Ontario seized three provincially incorporated trust companies. At the same time, the government of Canada grabbed two federally incorporated insurance companies. Together, these actions touched off a series of financial and political shock waves which have rocked the nation from coast to coast.

The ostensible reason for the seizures, which amounted to the expropriation of private property without

even a public hearing—in effect, presidential first trial later—was a festering concern at both levels of government about the financial stability of the five associated firms. This was the result of the spectacular double-dip sale of 26 apartment complexes containing 10,831 suites, the original property of Cadillac Fairview Corp. Ltd. in Toronto. Maclean's has learned that much more was at stake—and remains at stake.

In a score of exclusive interviews, including those with the two main protagonists in the financial drama, and with access to documents, some of them in the public record, some of them still

secret, Maclean's has reconstructed the elements of what was either "a giant and dubious gamble"—the government view—or an unusual but legitimate attempt to become one of the largest banks in the nation. What is more, the government action was provoked, in part, by concerns which it refuses to express openly.

The two protagonists have never met, although they work within three blocks of each other off Bay Street in downtown Toronto. They are Jack Biddell, 68, accountant and consultant, who works out of the offices of the Clarkson Co. Ltd. on the third floor of the Toronto-Dominion Centre, and Leonard Rosenberg, 64, entrepreneur and would-be

banker, who operates from his lawyer's office on the 30th floor of 390 Bay St.—three blocks north.

Rosenberg constructed the financial deal that brought him into the headlines, and Biddell provided the advice to government that brought Rosenberg's scheme to a grinding halt. Biddell now contends that Rosenberg and his associate Board of Directors in Canadian law is a loophole that still exists—and that they were driving a financial juggernaut through it. Declared Biddell: "These guys had discovered a way to buy companies with their [the companies'] own assets. They took a great big gamble with public depositors' money, at so risk to themselves. They got a very

big profit and they took it all away." Rosenberg disagrees: "What I was trying to do," he says, "was to build a bank, a world-class bank. The banks do a lousy job, and I was going to compete. So they took me out of the game."

The two men do agree that the Cadillac Fairview deal was only part of a much larger picture. But they interpret the broader canvas in radically different ways. Says Rosenberg: "Cadillac Fairview was a spit in the bucket. The bank was the thing." Biddell argues that "Cadillac Fairview was a desperate attempt to keep the pyramidal scheme going." Rosenberg contends that he was on the verge of putting together one of the most astounding deals in Canadian corporate history. He set out to merge three trust companies: Greyhame Trust Co., Crown Trust Co. and Security Trust Co. He wanted to add in the Canadian Commercial Bank (CCB)—of which he and his associates already owned 27 per cent—in First City Trust Co. of Vancouver and, if the price was right, Fidelity Trust Co., owned by Edmonton entrepreneur Peter Pocklington, to form an institution with assets of \$5 bil-

lion. "Then there would be an underwriting"—the bank would issue stock to the public—"and we would wind up with one of the biggest banks in the country," said Rosenberg. If the plan had succeeded, Rosenberg would have owned 10 per cent of the institution—the maximum permitted by law—but he would control it as easily as he controlled Crown Trust, of which he owned 50 per cent. "We were going to have a slogan new to banking," Rosenberg contends: "Give a sucker an even break."

But Rosenberg says that when rumors of his scheme circulated within the banking establishment, the Ontario and federal governments suddenly took action to prevent him from proceeding. He also claims that if the governments were convinced that the mortgage or trust companies that he and his associates controlled were in financial trouble, and that depositors' funds were at risk, other courses of action short of seizure could have been followed. These included forcing the firms to reduce the value of assets on financial statements or making a public rebuke. "Instead you have a series of meetings and phone

Rosenberg: "Upside" apartment block is scheme to build a world-class bank



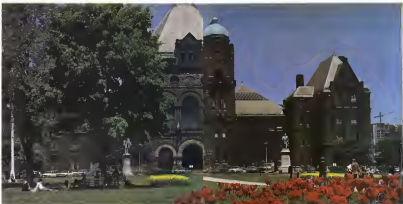
Biddell: Greynhams, Juggernauts, Royal LePage, property seizure and mystery



said, and they wind up with everything," he says. "and I wind up with nothing. Well, they picked on the wrong guy. This thing is far from over."

That, at least, is clear.
For his part, Biddell admits that the hasty action on Jan. 7 seem to have been harsh. Acknowledges Biddell: "The business community says, 'You never even gave the guy a hearing'—and I agonized over that. We all did. The [Ontario] cabinet didn't like it, I can tell you. But what could we do? They were still in a position to take deposits from through we had found nothing illegal so far, we couldn't stand aside."

Robert Elgie, Ontario Minister of Consumer and Commercial Relations, concedes that before Jan. 7 Biddell had no proof of criminal activities "but that's totally irrelevant," he says. "That's an incredible concept, that one must have that kind of evidence before one moves to protect depositors who rely on the trust industry to look after their money and to manage it prudently." Explains Elgie, "Biddell was saying that it was his firm opinion that these three companies were in serious trouble, they had eroded their borrowing bases either in a major way or totally, and they should no longer be permitted to take deposits." The conflicting, and mutually exclusive, versions of history have their origins in events that began in 1986. At that time, Rosenberg was a successful mortgage broker—he calculates his annual income at close to a million dollars ("and I netted a few hundred thousand"). Then, he bought a company called Greyline Mortgage Corp. for \$500,000. He turned his own



Elgie (below left), the Ontario legislator; Monopoli, before the takeover the government proof of criminal activities, but that did not prevent it from acting

holding company, Spring Credit Corp. (the Syndicated Capital) into Greyline Credit Corp. and began to expand rapidly in real estate development and speculation. So successful was he that in 1987 he bought a small trust company called MacDonald O'Brien Trust for \$4.5 million, financing the deal through Canadian Commercial Bank, a company that had financed many of his deals.

Rosenberg had a partner in Greyline Credit, a Swiss citizen named Bruno Weiss, whom he had met in 1975, when Weiss was looking for Canadian investments and Rosenberg was looking for a silent partner. Weiss owned 49 per cent of Greyline Credit, and Rosenberg held 51 per cent. Biddell contends that the acquisition of a trust company moved Rosenberg into a position in which he could use the funds of depositors to expand in virtually any direction. (The mere in truth of any bank, savings or loan institution.) Federal deposit insurance guarantees as much as \$30,000 in any qualifying company—the amount was tripled to \$50,000 in the midst of, and because of, the

Rosenberg controversy. The money is supposed to be safeguarded by a provision that a trust company can only lend money equal to a multiple of its equity base—that is, the money put up by its shareholders. The "leverage," as it is called, ranges from 12 to 20 times the equity. That provision itself is a measure of caution.

Biddell says that Rosenberg found a way of circumventing the limitation. Declared Biddell: "He loans that Jack Poole of Duane Development in Vancouver first made \$50 million, so he has his company lend Duane \$50 million and charges a fee of 50 cents on the price of doing the deal. Immediately he has a \$5-million profit. He transfers that to equity and he can lend about \$10 million more. He gets this money by paying higher interest rates and higher commissions to agents to bring in deposits from the public. People buyest because they feel their money is safe." And that, says Biddell, is the loophole. "It [the law] was designed for an earlier age, and the law will have to be changed," he added.

That, clearly, is not Rosenberg's view. The analysis, he says, "shows that neither Biddell nor Elgie nor [Premier William] Davis saw any of these underestimates the first thing about financing or

overages as anything." In fact, Rosenberg says, Jack Poole of Duane was concocting a deal with the Behoburg brothers of Vancouver (owners of First City Trust, one of the companies that he had targeted for takeover) and had to have money quickly. Rosenberg contends that he thought that the Duane development involved was a sound one. "I had the three necessary requirements for good real estate," he says, "location, location and location. It sits smack in the middle of Vancouver."

As a result, Rosenberg argues that he carried on a high fee for lending the money because the risk was high. He says that he took it as a fee but that it was, in fact, prepaid interest. "And, incidentally, we could only take \$5 million in new equity. They can't even get that right," he added.

On the one hand, the Ontario government claims that Rosenberg and a group of friends—Andrew Markle, who controlled Seaway Trust Co. of Port Colborne, Ont.; William C. Flyer, who worked mainly through a holding company called Kidder's Investments Ltd.; and Joseph Barnett, a Toronto lawyer who had been involved in a number of real estate deals with Rosenberg—worked out real estate transactions that led to extraordinary fees. Then Rosen-

berg converted those to equity and expanded his trust company. Between Oct. 1, 1981, and Dec. 31, 1982, Greyline Trust increased its assets—the money it was lending out—by 277 per cent, from \$72 million to \$216 million, and its demand deposits and guaranteed investment certificates (all insured) by 294 per cent, from \$62 million to \$201 million. Biddell says that was simply a means of continually expanding its financial empire.

On the other hand, Rosenberg argues that the trust companies were involved in normal business practice. "Most trust companies lose money on their ordinary loan transactions," he said. "They make money by charging fees to pay together deals. When I look over Greyline Trust, it was losing \$100,000 a month. I made it turn a profit of \$5 million. That's the entire with which I stood charged."

Biddell claims—and it is hotly denied by Rosenberg—that the Cadillac Fairview deal became necessary because the companies had expanded too far too fast and needed a massive injection of funds to keep going. "It

was an act of desperation," Biddell disclosed. On the contrary, says Rosenberg, the deal was simply a way to make money—money to fund his dream of building a bank. Certainly there was a lot of money in the Cadillac Fairview deal, although it was woven into other transactions.

Rosenberg first heard that the apartments were available from a real estate agent in the early summer of 1982. Cadillac Fairview had appraised the worth of the complex at about \$250 million. Rosenberg says that estimate was far too low. "They were working on accounting appraisals, which is like having a priest perform a valuation," he added. On the contrary, Rosenberg's appraisals—like many of his business dealings—are at variance with received wisdom in the financial community. He believes that the rising equity of a property should determine its worth, which will rise constantly with inflation. Conventional appraisal methods look at recent comparative sales.

In fact, the point remains a very contentious one. Rosenberg claims that his method is consistently used in the financial community. But Elgie maintains that the majority of appraisers favor a technique that takes into account only the value of the bricks and mortar in a building and does not include long-range projections of income flow and rents. Still, Elgie contended that he is not certain Rosenberg's method is unique. Said Elgie: "I have no idea of that's so, and it may be that we'll find, in other trust companies that we look at from time to time, that those principles that we think are not appropriate are being used. If we do, I guess we'll have to deal with it." In the Cadillac Fair-





Grand Cayman island (above), Markle: the Seef-crown prince may now own the apartments that sparked the controversy

COVER

view was, the value was limited because provincial rent controls curbed the amount of money available to service mortgages. But if the apartments were sold, the new purchaser would be able to raise rents on the basis of the new purchase price to cover the additional cost of the increased mortgages.

So certain was Rosenber that Cadillac Fairview had underestimated the worth of its property that on Aug. 24, 1982, he signed an agreement to purchase the complexes in a bid, for \$250 million. The deal was intended to close on Nov. 24 (a date later moved back to Nov. 3), and Rosenber issued a letter of credit for \$10 million as an assurance that he would go through with the arrangement.

At that time there was \$110 million in first mortgages on the property, and Cadillac Fairview agreed to take back second mortgages of \$115 million. That left Rosenber more than \$40 million short. He talked to his Swiss partner, Werner, who was visiting Toronto, and Werner agreed to guarantee \$40 million for Rosenber's use. That was never used, but the fact that it was available allowed Rosenber to take the next step, which was to line up Player. "I had been trying to get rid of Greymac Mortgage (the federally incorporated mortgage company) because I was having a lot of problems with the regulatory people," Rosenber said. "I said to myself, I should sell Greymac Mortgage to Player. He can use it. How do you do

that?" That's when the light bulb went on in his head. "You offer the Cadillac Fairview deal to Player and make Greymac Mortgage part of the deal."

To that end, Rosenber moved Player—who he says is not a friend, just someone he does business with—to his island in Georgian Bay and took him out fishing. "We were trolling," said Rosenber. "I said, 'How would you like to buy the Cadillac Fairview buildings and Greymac Mortgage?' He said, 'How much?' I said, '\$250 million,' and he said, 'My God! He knew it was a terrible deal. We both knew I had stolen the properties, and he could smell it. He said he would have to do that and asked if I would help him with financing, so I said yes. He would have to talk to Andrew Markle, because they worked together on most of these deals. But that was it."

In the end Player bought Greymac Mortgage for \$215 million and, soon after, he bought the Cadillac Fairview apartments for \$215.5 million. He did not have the money, either, but that was easily arranged. The deal with Player was struck in September. Soon after, Rosenber made a business trip to Vancouver

and, lying in bed in his hotel at 7 a.m., he heard a news report that his friend Joseph Barnett was being investigated by the Ontario Securities Commission.

Barnett was trying to buy Crown Trust Co., a venerable Canadian financial institution—still in progress—of Barnett's business affairs. He was obviously in difficulty.

Because of that, says Rosenber, he phoned a Toronto lawyer and told him to "get onto CanWest [the largest single shareholder in Crown Trust, from whom Barnett was trying to buy shares] and tell those we're going to take Joe Barnett out of the deal." That is precisely what happened.

Rosenber bought Barnett's shares—who had already acquired 34 per cent of Crown—for \$16.2 million with a loan from Barnett himself. He had borrowed another \$36 million to buy the rest from CanWest and eventually wound up with 99 per cent of Crown Trust Co.

Then he was ready to move again. He paid about \$82 a share for Crown, more than three times the price at which it was then trading. Bobbel



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Player; and Barwell (below): Rosenberg did not want Player to close the deal

COVER

says that the purchase was suspicious. It suggested, he says, that a "teen-year-old transaction" was taking place. Blumstein says that, in effect, he was going to buy Crown for about \$40 million and sell Greyman Mortgage for about \$46 million. Greyman Mortgage had assets of about \$250 million. Crown Trust had assets of more than \$1 billion and trust accounts of more than \$1 billion. "Was I making a stupid deal?" Rosenberg asks.

He said that he talked to William Player again on Oct. 2. "If he is closing [on Cadillac Fairview] then I have the money to buy Crown. If he isn't, I have \$40 million from Brazen Women," Rosenberg recalls saying. Actually, he says, he hoped that Player would not be able to raise the money to close, because then "I could flip the apartments myself." But when Player said that he was ready to go ahead, "I was stoked, because I had given my word, and my word is my bond." On Nov. 2, 1982, what was to be a three-tandem deal closed. Player had arranged to recall the Cadillac Fairview apartments in a group of Saudi Arabian investors for \$50 million in 50 separate deals. That price allowed the mortgage liability of the companies to be raised from \$200 million to \$750 million—it is only legal to extend a mortgage to several elevations for 75 per cent of the value of a property.

That cleared one hurdle. Another remained. There are strict limits on the money any lending institution can advance in a single transaction, and those limits were bound to be breached for

each of the three firms selected to provide the new financing—Greyman Trust, Brazen Women and Crown Trust. But because Player had arranged to sell to 50 numbered companies, suddenly there was not one deal but 50. The second hurdle was cleared, and the money was available.

On Nov. 5, Greyman Trust and Crown, controlled by Rosenberg, advanced, respectively, \$12 million and \$63 million on third mortgages for the transactions. Brazen, controlled by Barwell, advanced \$15 million—\$152 million in total. Then the deal was completed—a \$500-million final price tag, with \$750 million in mortgages and another \$125 million put up in cash, offshore, by the Saudi investors.

Seaway Trust took a 12.5 per cent of the equity in the transaction. As a result, it was entitled to \$16 million, reducing the Saudis' cash flow to \$539 million. That \$16 million apparently went into a bank in Grand Cayman in the West Indies. William Player's Kidderline also got a "trust break" deal under which the company would guarantee to meet the mortgage payments and manage the properties. Finally, \$15 million of the \$183 million went into a trust account at Crown Trust. It was intended to be used,

says Rosenberg, to cover any deficiency there might be in the money from apartment rents to service the mortgage.

The only hard cash that had been paid out by anybody was the \$152 million that the trust companies put up. Rosenberg had advanced a \$16-million deposit in a letter of credit which was no longer at risk when the deal closed. He made a profit of \$12.6 million—the difference between his buying price, \$70 million, and the price at which he sold to Player, \$112.6 million. But he only received a cheque for \$25.1 million—the other \$29 million went to Weisman as a fee for his unusual standby guarantee of \$40 million.

A major, continuing mystery in the trust affair has been the identity of the final owners of the apartment buildings. Regulations in the deal have refused to reveal their identities, saying only that a Saudi Arabian entrepreneur, Adnan Hassan Qubbi, represented various Saudi Arabian investors. But Meehan's has learned that during an examination before the House of Commons, a Canadian House of Commons committee, which is investigating the trust companies for the Ontario government, Victor Proskov, a lawyer who acted for Greyman Credit, testified that he understood that the purchasers were the crown prince of Saudi Arabia and others associated with him. The current crown prince is Abdullah bin Abdul Aziz, who guided the title after his predecessor, Crown Prince Fahd, repudiated the deceased King Khalid on Jan. 12.

Two days after the Cadillac Fairview deal closed, Player gave Rosenberg a cheque for \$30 million. That was payment for the balance owing on Greyman Mortgage. Player had put \$7.6 million in borrowed funds down. The book value of Greyman Mortgage was \$11 million. But Rosenberg says the book value of the institution was worth at least \$17 million. As a result, he calculates, he cleared \$44 million. "No," he acknowledges, "a big day's work."

The trust companies then held third mortgages on the apartments. Those debts were to be paid out of the rents which, according to Jack Haddell, would amount to more than \$4 million a month, or \$48

million a year. Haddell claims that the mortgages could not be serviced and that there would be a shortfall of \$93 million in the first year alone. But again there is a direct conflict of views. Rosenberg says that the companies would bring in \$56 million a year, because "Haddell conservatively forgets there were commercial properties included, and they pay rent, too."

Player planned to raise the apartment rents by 25 per cent in each of his first two years of management, by eight per cent in the third year and six per cent in the fourth. An apartment renting for \$400 in 1982 would rent for \$712.50 in 1986—a jump of 78 per cent. Rosenberg says that the rent increases would have insured the safety of the depositors' money by guaranteeing that the mortgages would be paid regularly, and even if something went wrong, there was the standby \$15 million in a Crown Trust account.

But there still could have been a problem if the tenants objected to the rent. "And that's what Rosenberg, '71 wasn't doing it to them, someone else would be. It's a harsh, arid world out there, and you don't see anybody holding tag days for landlords." He expected the tenants to protest, but he did not expect those protests to make a political aspect. They did, however, in part, because another of Rosenberg's activities had attracted official notice.

At the same time as the Cadillac Fairview deal, he was buying into Canadian Commercial Bank (CCB), the largest bank in Canada. He had begun buying shares through Greyman Mortgage in early 1982, picking up five per cent of the stock in January and another five per cent in April. At that time he owned 18 per cent—the maximum permissible by law. Marleau and Rosenberg claim that they owned either 17 per cent or as well.

Out of the deals, Rosenberg and his associates had accumulated a 21-per-cent control of a bank. William Kennedy, the senior general manager for the federal government, for one, was not pleased. He had already spoken to Rosenberg about his ownership of a mortgage company and bank shares that, as he said, violated "the ap-



Packington; Sen. Rosenberg (below): a government employee carefully hidden

it" of the provisions of the Bank Act which try to separate control of any two financial institutions. Senior officers of the CCB—at least some of them—were also worried about the new buyer. They did not know who it was.

There was unease about the takeover of the CCB, especially when rumors filtered through financial circles about Rosenberg's activities in two his own major bank—an uneasiness that might have been diverted even without government intervention. Fidelity Trust officials responded last week with a terse "no comment" when asked about a potential sale to Rosenberg, and First City Trust issued a flat denial. The steering of the CCB post case just about the time that publicly owned banks took over the double-duty role of the apartment complexes. On Nov. 14 James Morrison was one of the accounting firms Touche Ross began an investigation of the deal for the Ontario government. Morrison reported to Robert Elgie. To help guide him, Elgie hired Jack Haddell, and Haddell plunged into the tangled affairs of all the companies involved. He was hired on Dec. 22, 1982, after a briefing by Morrison.

One factor of concern in the Ontario government was a crucial fact: it has never been made

public, although it could have been raised in either legislature without risk of the "Meehan scandal," the concern was not directly about Rosenberg, Rosenberg and his associates were in the unfortunate position of being faced with having to file assets listed, in part because of views the government has never dared to express, although officials voted them to Meehan's on a strict off-the-record basis.

By early January, Haddell had become convinced that the trust companies, their associated mortgage companies and the money of depositors were in great danger. He also said that he had found a monstrous loophole in the law governing federal deposit insurance. Because of that, Haddell advised the government that it had no recourse but to save the assets of the firm. He contacted Robert Harnwood, federal superintendent of insurance and head of the Canada Deposit Insurance Corp., and Harnwood flew to Toronto.

Haddell also phoned William Kennedy. "He was wary in talking to me but knew what I was talking about," said Haddell. "I told him I didn't know how far the rat had spread. The financial structures were in danger." As a result, on Jan. 7 the companies were seized, and a series of lawsuits began. Jan. 10, 1983, Rosenberg's chief lawyer, says he is working on "77 major matters and a dozen collateral suits" that will continue for years.

And what of Rosenberg's dream? Will he ever build a bank? "Not in this country," he says, "It's a banana republic."

Will Adam Packington in Toronto



Depositors at a Greggian Trust branch after the seizure. Rosenberg can at least claim not to have made loans to Danes

The motivations of a matchmaker

COVER

Leonard Rosenberg has never been a shy man. When he was 21 and working for a collection agency in St. Catharines, Ont., he demanded the manager's job because "I was collecting more money than the manager." When he did not get his way, he quit.

Rosenberg was born in Montreal and brought up in Hamilton, Ont., the second son of a man who owned an electrical supply store. "We never lacked for anything, but we were far from rich," Rosenberg went to Wendale Collegiate, where his older brother played football with Ross Jackson, later a Canadian football legend.

Rosenberg did not complete high school, but with Grade 12 he was able to enter the University of Buffalo, where he studied business administration. He did not finish that either—he left to join the collection agency. That career cut short by his demand for more territory—and money—he applied for a collection agency loan of his own. He was refused, because he lacked the required experience. Then he applied for a mortgage broker's license instead, and got it.

A mortgage broker is a sort of matchmaker of finance. He puts together deals and takes a fee. Rosenberg has been doing that ever since, for others until 1967, for himself afterward. Only the fees—and his girth—have increased. He has progressed from a sturdy youth with a quick temper and a ready tongue to a chubby 45-year-old with a quick

temper and a ready tongue. He has reddish hair, disapproving frown, strong features, an aggressive beard and an engaging smile. He lives in a comfortable two-story house, which he bought for \$38,000 in 1964 and equipped with a swimming pool and all the fixtures. He and his wife, Renee, have three children, two daughters now still at home. His son, 28, the eldest, is "somewhere out there," says Rosenberg, with a vague gesture.

Rosenberg has two strong driving forces. One is a love of money, the other a hatred for banks. "Money is nice," he says. "I would like a lot of it." How much? "Enough so that I could buy anything I wanted to and not have to count the cost. Enough so that I could buy a TV [the jettison cost more than \$30 million] and not have to worry about it affecting the cash flow."

That is one year. Banks are the other. He tried to get a bank loan in 1964 for the down payment on his house. "The bank manager said, all right, I could have the \$2,500. So I went ahead with the deal," he says. "Then, after everything was arranged, he changed his mind. That really saved me. Banks are the people who will only lend you an umbrella when it's sunny."

Rosenberg raised the \$2,500 elsewhere and bought the house, but he has not had money thoughts about any banker ever since. "Remember," he says, "I didn't lend any money to Danes and I didn't lend any money to Danes." As a money matchmaker and, at the

same time, as a real estate developer and speculator, his work is based on a particular view of money. "There are two kinds of money," he says. "There is the money in your pocket, that's real. Then there is the money on the books, that's paper. It's the tool of the trade."

With that relaxed view of money, Rosenberg can stitch together deals that would quench the spirit of the most stout-hearted. "I am willing to pay more, take more chances and charge higher interest than others. I am working with the tools of my craft."

Buying and selling apartment buildings, as Rosenberg did in the Cadillac Fairview deal, is easier to understand if the millions involved are viewed as bits of the money-as-stuff philosophy. Rosenberg's favorite story concerns a man who owned some sailboats on the east coast and sold them to a fish broker for a good markup. The fish broker sold them to a commodities dealer, who resold them to another dealer, until they had been sold, at an increasing profit, a dozen or more times. Finally, they wound up in a Vancouver restaurant, where the customers found that they tasted terrible. The restaurant owner, affronted, traced the sailboats all the way back to the original owner, who gave him a barrel of abuse. "Stop complaining," said the owner. "Those sailboats weren't for eating; they were for buying and selling."

Leonard Rosenberg is one of the great sailboat salesmen of our time.

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A voice of intelligence and compassion

Like Bob Dylan before him, David Byrne, chief lyricist and lead vocalist of a band called Talking Heads, has the unique musical voice of an epoch. He has written lyrics that have the power of poetry and he has sung them in a unique style that, lying somewhere between a Newscast and a cry, perfectly reflects a tense and anxious age. In 1979, in a song called *Left Hand Woman*, he proclaimed, "This ain't no party, this ain't no disco," which encapsulated a shift from the indulgences of the 1970s to the harsh realities of the 1980s. Even as people danced to the song, those that listened knew that the times were apace again as *Speaking in Tongues*, Talking Heads' first album of new material since 1980, ranks as an important cultural event—and not only because a limited edition of the album comes in a package designed by pop artist Robert Rauschenberg.

In the past David Byrne has projected a cold, efficient and sometimes slightly eerie image. But *Speaking in Tongues* clarifies other aspects of his compelling



Byrne, Rauschenberg, Byrne and Harrison like Bob Dylan, a major musical influence.

and complex nature. In *This Must Be the Place*, a delicate love song, he reveals, "I'm just an animal looking for a home." Serving tea in his lower Manhattan loft, Byrne, 31, seems to be almost domesticated. Except for particularly round eyes, he looks like Walter

Rogers, displays the same mild manner and talks as if he were explaining the world to a child. Byrne's simple language was just one of the features that distinguished Talking Heads when it emerged from New York's rock underground in 1975.

Unlike The Beatles or Blondie, other pioneers of what was to blossom as the "new wave," Talking Heads avoided both the certain punk music by using serious ideas, provocative African and the most sophisticated kind of multi-track recording techniques. All four albums have achieved gold-record status in Canada, and U.S. critics

accord Talking Heads the label of "highbrow popstars." *The New York Times*' critic John Rockwell has described them as one of the "most creative combinations of artistic integrity and popular appeal."

Compared to 1980's *Remains in Light*, which was characterized by a dance blend of synthpop from far away lands, *Speaking in Tongues* is closer, simpler to dance to and laced with beguiling black American influences. It also re-establishes the Talking Heads' identity as the original four-member band, a status that had been threatened by the increasing involvement of British cult figure Brian Eno. A studio wizard whose experiments with synthesizers have won him godlike status, Eno co-produced all but the first Talking Heads studio album, *Remains in Light* and recently collaborated with Byrne on an album entitled *My Life in the Bush of Ghosts*. Not all members of the band were happy about his contributions. Eno, however, has had nothing to do with *Speaking in Tongues*. Explains Byrne, "I think there is something special about a band as an entity, and it is worth trying to keep."

But as crucial as brilliant Tina Weymouth, *Artemus* Chris Poswa, and keyboard player Jerry Harrison are to the music, Talking Heads is indelibly stamped by the personality of David Byrne. His stage dresser, billed by *The Village Voice* to that of "someone who has spent the last half-hour whirling around in a sea dryer," leaves a lasting impression. His Byrnes made the band's already influential music truly important. Because of Talking Heads' art school roots (Byrne, Weymouth and Poswa first came together at the Rhode Island School of Design, an oral explanation of their commitment and to emphasize what John Rockwell calls the band's "maximalism and rigorous structuralism." That theorizing overlooks the fact that the group's songs articulate the feelings of many people who have no idea what "structuralism" means but who are identify with Byrne when he sings, "I'm tense and nervous and I can't relax"—songs for a generation-old decade Mark Gaze, a

follower of the Canadian group Martha and the Muffins, appreciates the band's attention to matters of the soul. "As a looker from all of today's media's bad-mouthing, it's nice to see the spiritual side of things represented."

Some fans have always sensed a longing for peace of mind in David Byrne's classical music of modern life. But far from who have perceived him as cool and intellectual, *Speaking in Tongues* may be a revelation. Byrne admits that he used to discount all questions of faith because they had nothing to do with reason or logic. But now he

says, "In the past few years I have discovered that there are subtle forces in human beings that, for want of a better word, would have to be called spiritual or religious." Making clear that his renewed views have nothing to do with any formal doctrine, he adds, "I believe these are things under the surface that are difficult to measure with scientific instruments." On *Speaking in Tongues*, Talking Heads make such measurements with the instruments of rock'n'roll and David Byrne's increasingly compassionate voice.

—DAVID LIVINGSTON

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The price of medication: will it rise?

By Linda McQuinn

When the federal government announced last month that it was considering revisions to Canadian drug regulations that could jeopardize the availability of low-cost generic drugs, the multinational drug industry was quick to express its enthusiasm. There was outrage, however, from the small firms that manufacture and sell the cheaper, no-name versions of such popular drugs as Valium and Indomet.

The full impact of the changes on Canadian retail drug prices will remain unknown until Consumer Affairs Minister André Ouellet unveils his final proposals in the fall. But he has made it clear that he plans to alter a system that has saved Canadian consumers at least \$1 billion over the past 14 years.

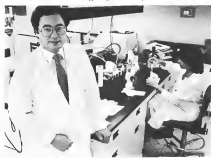
Under current law Canadian companies can manufacture and sell drugs developed by other firms if they pay a royalty to the firm that developed the drug. The result has been that Canadian drug companies have been able to discount generic no-name versions of well-known brand-name drugs developed by such pharmaceutical giants as Hoffmann-La Roche Ltd and Dow Chemical. The system, called "compulsory licensing," was introduced in 1968 after public outcry over drug company profits. Before the change, a company that developed a drug was granted exclusive rights to sell that drug for 17 years. As a result, the company enjoyed total control over the drug price during that period. A special Canadian parliamentary committee called for compulsory licensing as a way to introduce more competition into the drug market. Large, mainly foreign drug companies argued that they needed the security of exclusive rights to recoup the heavy costs of research and development, estimated at between \$100 million and \$300 million for a new drug. They have lobbied heavily against compulsory licensing since it was introduced.

Ouellet has not made it clear how he will alter the system when his introduction amendments to the patent act next fall. But the alternative option he outlined were all aimed at giving the

original drug developer more protection against competition from low-cost generic substitutes. The debate has been bitter because the companies that develop the drugs are all foreign-owned multinationals. Although some generic drug producers are also foreign, Canada supports an estimated 10 companies that produce and market no-name drugs. Some of the Canadian firms, viewed as a result of compulsory licensing legislation Bernard Sherman, president of Canadian-owned Apotex Inc., which markets several types of ge-

nerics acknowledge that compulsory licensing has meant huge consumer savings. The government estimates the saving at more than \$160 million a year over the past 14 years.

Ouellet's announcement that he is considering amendments to Canada's patent act has prompted opposition charges that he has bent to pressure from the multinational drug firms, which, he says, have the major group pressing for changes. Two separate academic studies have found that the current system has been successful in



Sherman in Apotex lab: Here that a system that saved consumers \$1 billion will change

neric drugs, argues that multinationals still have the lion's share of the Canadian drug market but charges that "the greed of the international drug firms lets us down." Sherman says that any substantial weakening of the compulsory licensing provisions could drive Canadian firms trying to compete with the multinationals out of business.

In fact, brand-name drug manufacturers still control 90 per cent of the Canadian market, but the impact of generic drugs where they exist has had a dramatic effect on prices. For instance, in Ontario pharmacists can buy 300 tablets of Valium for \$12.09, while the cost for the cheapest equivalent generic product, made from the drug Disipalim, is only \$4.18—a difference of more than 500 per cent. While estimates vary, all

keeping consumer drug prices down. In 1981 a report for the Economic Council of Canada recommended that "compulsory licensing be retained in its present form." And a 1983 report in the drug industry by two Canadian economists concluded that the system caused the price of drugs facing competition to fall dramatically. Myron Gordon, a University of Toronto finance professor who co-authored the report for the Canadian Institute for Economic Policy, says that the end of the compulsory licensing system would be very costly to hospitals and patients on previously subsidized drug plans, which only subsidize pharmaceuticals for the lowest drug product.

Furthermore, a confidential internal document, paper presented to the department of consumer and corporate

affairs—a copy of which has been obtained by Maclean's—also found that compulsory licensing effectively lowered drug prices. "While generic products rarely attain more than a 30-per-cent market share, they do have the effect of lowering the price of the original patented drug," says the paper, prepared last September by the department's bureau of policy co-ordination.

Ouellet says that his main purpose in altering the regulations is to "stimulate growth in the Canadian pharmaceutical industry." The Pharmaceutical Manufacturers' Association of Canada (PMAC), an organization representing multinational drug companies operating in Canada, estimates that altering the current drug-manufacturing regulations could lead to roughly \$300 million in increased investment in new research in Canada during the next five or six years. Others, however, remain skeptical that the changes will have any effect on investment in Canada. The U of T's Gordon notes that drug companies do very little basic research in Canada now. "I don't see how the proposals under consideration will reverse that," he says. "Horizontal if not vertical integration is already occurring, pointing out that strong market forces push companies to locate their research facilities in countries that, unlike Canada, provide access to large markets and sophisticated manufacturing plants."

The apparent lack of support for Ouellet's changes—apart from that of the multinational corporations—has led both opposition parties to focus on the role of Martin O'Connell in the matter. Since leaving his cabinet post as health minister after an electoral defeat in 1978, O'Connell has acted as a part-time consultant for two multinational drug firms, which he refuses to name. Last winter PMAC retained him, and O'Connell helped to prepare the association's brief to the government on compulsory licensing. After several meetings with the industry last January, O'Connell was reassured by Ouellet the following month to help the federal government consider what to do about compulsory licensing regulations. O'Connell, who continues to consult for the government, says he does not believe he is biased in favor of the multinational drug firms simply because he worked for them. "My interest is in what is the best policy for the country," O'Connell told Maclean's.

But the Canadian companies that produce generic drugs fear that O'Connell may in fact have helped his former clients. With Ouellet planning to consult provincial governments, industry and consumer groups before introducing his amendments, it is a charge that the minister is likely to hear again in the coming months. ☐

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Ben S. Amencio: Age—nine.
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A barren life, a barren future



a farm helper. She makes about \$30 a month.

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Young Ben lives with his family in a poor rural area in the Third World. The parents have little education—too little to know about good sanitary habits or proper nutrition... too little to find a decent job. They eat in their filthy home, cooking, eating, and sleeping in one room. Inevitably, after the fire has been lit to prepare their meagre meal of rice, the air in the room is heavy with smoke. Because Ben's father is blind, his mother must work as

PRESS

China Daily travels west

For an eight-page newspaper, the *China Daily* has big ambitions. Last Wednesday an airplane whisked printing plates for the *Daily*, China's only English-language paper, from Peking to New York. There, 5,000 copies were quickly printed, and, because of the 12-hour time difference, the *Daily* paper appeared on the streets of New York the same evening it was being read in China.

The *Daily*, started two years ago as a paper aimed at Western businessmen, diplomats and businessmen, has a circulation of only 70,000 in a nation of one billion. Now, with its first venture into the West, Managing Editor Feng Shifang hopes the paper will be distributed from New York to newsstands throughout North America, including some in Vancouver and Toronto. Single copies are 35 cents and annual subscriptions are \$96 (U.S.). If the New York test works, the paper will be sent to other cities next year and translate its pages to the United States by satellite.

The *Daily* bears little resemblance to its Chinese-language counterparts in the People's Republic. Not only does it have more foreign news and shorter items than the others, but, except in its editorial pages, it avoids what Feng calls "Chinese-style journalism, where news stories are usually interpreted with a commentary." Although the paper does

PHOTOGRAPH BY ANDREW GUNDEL

not function as a party organ, its domestic coverage is not likely to ruffle official feathers. In the first week newly signed trade agreements and visits by foreign heads of state are front-page news. Crime stories—especially cases involving misuse of official funds—also get prominent play, but Western-style political analysis is absent.

The operation begins with a core of about 15 English-speaking journalists who in turn travel a series of relief assignments. The total staff is now about 150. In addition to news reports, the paper relies on the Chinese news agency Xinhua and other Chinese papers for domestic stories. Sports and foreign news come largely from the Reuters News Agency, Agence France Press and the U.S. Associated Press.

After consulting with Westerners, the *Daily's* editorial board decided to print exactly the same paper in North America that it offers on the streets of Peking. That means that some of the features—such as radio and television listings—will not be of burning interest to North American readers.

Feng, at least, is under no illusion that the *Daily* will ever become a mainstream paper in North America. Apart from academics and libraries, he believes his overseas edition will be purchased mainly by corporations interested in trade with China. But Feng hopes that in the long run advertising—the real test—is as much as \$5,000 for a full page—will make the project self-sufficient. Among the first subscribers were Chinese firms that want to boost their profile in the West, and Western companies—including the Royal Bank of Canada—interested in China's markets. Feng and other staff members may find their plunge into Western-style journalism to be a lesson in Western-style competition. —LAN AUSTIN in Toronto.

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Assembly lines with a heart

By Peter C. Newman

Even a brief visit to this island empire reveals that Japan's economic miracle is based on a remarkable view of personal responsibility. No statistic reflects this attitude more clearly than the resignations during the first quarter of 1983 by the residents of more than 30 firms large enough to be listed on the Tokyo Stock Exchange. This was the price paid by incumbents of Japanese boardrooms who felt they had not lived up to corporate expectations during the Great Recession. They willingly accepted a fate so that younger blood could regenerate sales and profits.

In contrast, Canada's business establishment has not bothered to renew itself, and we move deeper into this present decade with the same querulous band of seated pygmies at our corporate helms. (The only important exception is Jack Gallagher of Dome Petroleum, whose departure eliminated one of our rare visionaries.)

The Japanese example of corporate self-criticism is particularly remarkable because, at least in theory, the oriental economy should be much simpler to run than Canada's. Japan's "all in the family" way of doing business is based on changing relations with governments, unions and employees. The ethical perspective of Japanese management is very different from ours, relying as it does on an enlightened collective will accumulated through consensus-building. Senior executives of most Japanese firms spend much of their time receiving visitors and sipping cups of green tea, making certain that corporate decisions will have the unstinting support of those who must ultimately implement them. Department heads at Mitsubishi, for example, must save a week for just this purpose—at a five-hour lunch.

Industries are organized by conglomerates, and antitrust rules barely exist. Business-government relations are at the heart of a system of indicative planning that makes for a general recession. This benevolent industrial complex is all-powerful, with civil servants moving into top private sector positions for the last decade or so before their retirement. It's no accident that this system is known as *amakudari*—descent from heaven.

Most of Japan's large companies hire employees for life, which means, in effect, that no one can be let go. This pro-

vides employees with an incentive to appreciate their plants at full capacity. Inevitably the existence of a beautifully structured trade-union movement and given Japanese industry an extra edge by creating a labor force with no incentive to oppose technological change. The prevalent paternalism has defused the union movement of militancy. There are occasional "militant" strikes lasting less than a day to make a point—during lunch hour, for instance—but their al-



Mitsubishi workers leave carp alone

most never seriously disrupt production schedules. This spring the unions settled for a 4.61-percent wage hike, which is about two per cent in real terms. The only strike that actually hurls anything seems to be an annual transit stoppage—and most of the unionized industrial workers organize slumber parties as they loiter to see that they won't miss any shifts. Strikes aren't reliable, but one insider claims that Japanese workers are so work-shamed that only 48 per cent of official

annual holiday time is actually taken up.

Many companies still work a six-day week. Only this August will banks and other financial institutions begin closing their doors on the second Saturday of each month. Life insurance companies haven't yet decided whether or not to sign up for such hours.

The most unusual aspect of Japanese labor-management relations is probably that workers voluntarily organize themselves into small discussion groups, called Quality Circles, to decide on their own how to improve their output. The idea originated by W. Edwards Deming, a U.S. statistician, is at the heart of the Japanese work style. Any Mitsubishi Electric worker who spots a faulty item is authorized to shut down the whole assembly line. At the Kofu steel works, owned by Nippon Koei, 1,480 Quality Circles last year produced 150,000 suggestions, saving the company an estimated \$28 million. The plant hasn't had a strike since 1969, and its managing director, Osamu Sasaki, happily credits the prevailing goodwill to particularly active Quality Circles. "We have lively discussions," he says, "but in the end everyone cooperates. It is ideal for management and plant workers to think in the same way. They think for the group and not for themselves."

This kind of consensus management is anyone raised in the Canadian ethic of labor-management negotiations. But it really works, and seems to benefit everyone involved. Kofu is Japan's second largest steel-making facility, with annual sales of more than \$6 billion. When business grew slack, it was the Quality Circles that suggested such experimental but steel-firm projects as tankers equipped with sails and devices for building city streets out of steel, over the sea to relieve downtown congestion.

None immediately visible are the results of the workers' suggestions for environmental protection. Unlike most Canadian steel plants, which sit in the middle of self-created man-scapes, this one has a mafus park next to the blast furnace, a duck pond that has become a regular stop for birds migrating from Siberia, and patches of flowers blooming within sight of the steel-fabricating mill. The water that flows out of the mill is so clean that black furrows are tempted to fish in it and catch their lunch, but they don't. All the resident eels are officially designated as pets.



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The Montreal Symphony Orchestra has maintained its high recording standards with its new version of Camille Saint-Saëns' massive Organ Symphony.

The sound quality is unshakable, and conductor Charles Dutoit matches Saint-Saëns' consummate craftsmanship with a disciplined grading and balancing of his forces. The one flaw, for which his engineers may be to blame, is the overhighlighting of the symphony sounds which Peter Hurford drove

from the organ. For all the orchestra's drive and showmanship, the new remains a touch short on overall excitement and depth of feeling. Still, Dutoit's careful interpretation and the virtuosity of his playing are impressive.

HUAPANGO WORKS BY
MONCAYO, REVUELTA, CHAVEZ
AND GALINDO
Conducted by Herrera de la Fuente
(Vox/Mast Music)

Mexican orchestral music is usually kept as far removed from Canadian concert halls as red peppers from a Thanksgiving dinner. The Xalapa Symphony Orchestra provides sparkling evidence that it should not be. Five exuberant pieces from the 1930s and early 1940s are marked by catchy melodies and symphonies, and the orchestration is as shrewd as a bird of paradise. One piece, *Sonemongre*, by Silverio Revuelta, strikes a more serious note. Marking back musically to *The Fire of Spring* by Llaner, Carlos Chávez's *Sinfonía India*, is more reminiscent of Aaron Copland and ends with a splendidly exuberant whoop-up. As with all the pieces, the orchestra attacks it with wit, verve and infectious vitality.

CANTALOUPE CHANTS
D'AUVERGNE
Friedrich von Staße, conducted by
Ambrose de Almeida (17 songs)
(CSC Masterworks)

CANTALOUPE SONGS OF THE
AUVERGNE
Kiri te Kanawa, conducted by Jeffrey
Tate (16 songs)
(London/PolyGram)

Both Friedrich von Staße and Kiri te Kanawa have chosen to delve into Marie-Jeanne Cantaloupe's delightful folk-song arrangements from the French *Auvergne* on their latest recordings. The two findings drive overlap in 11 of their selections, making comparisons inevitable. Unfortunately, the competition resembles two top soccer players meeting on a court that suits only one of them. Kiri te Kanawa, who has enjoyed immense popularity since she sang at Prince Charles' wedding, was in straight sets. Te Kanawa's radiant voice is playful, fitting and tender, it soars with every nuance of the words and highlights the lyrical, timeless quality of the loveless and pastoral songs. On the other hand, Friedrich von Staße makes the fatal mistake of treating the songs too seriously. Her singing is too chaste and classical, and the result is woefully bland. Te Kanawa proves there are times when a careful approach can be more rewarding than the highest levels of refinement.

—JOHN PRUDIC

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COMPUTERS

Take-home hardware

For computer advice student Peter Evans, it was a surprise that saved his summer. Evans, 21, had just returned to Oakville, Ont., after completing his third year at Queen's University and he was worried about not having access to a computer for the next three months. But to his delight he discovered that through a new service at Oakville Public Library's Computer Access Centre, called Rylee's, he could take home a \$500 IBM— a Japanese-made, hand-held personal computer. For the first time in Canada two library systems—in Burlington and in Oakville—have introduced computer-lending programs. Toronto public libraries hope to implement similar programs by the end of the year. Indeed, more than 150 libraries across the United States let people take the computers home at little or no charge. Said Evans: "It is an inexpensive way for anyone to get acquainted with a personal computer."

The programs were introduced in anticipation of the public's increasing demand for computer literacy. At three of the Burlington libraries the six take-home computers—Times-Sinclair models, which retail for about \$180—are lent for a week free of charge. They use the programming language known as BASIC and come with simple operating instructions so that a novice can learn rudimentary computer skills within an hour. People are using the computers to do everything from experiments with simple programming to sorting out household accounts. And the projects are proving to be even more successful than expected. "After only six weeks in operation," says Burlington librarian Wendy Schick, "there are 156 names on the waiting list."

The Burlington and Oakville projects are attracting the attention of libraries across the country. "We are watching the programs with great interest," said Marlene Williams of the Greater Vancouver Library Federation. But money to fund such projects is scarce. Even with federal government assistance, Oakville's Rylee's program charges a \$5-a-day user fee to cover the expense of its 18 IBM computers. But the Burlington system, with its no-charge policy, will need money if it expands its program—a situation that perhaps only its computers can solve.

—DIANNE LOHME in Toronto

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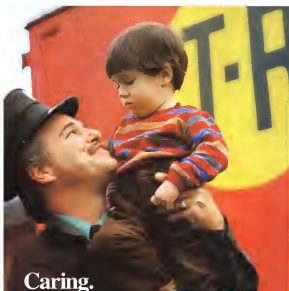
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ENVIRONMENT

The great grey North

The findings have been disconcerting: polar bears with alarmingly high levels of pesticides in their systems, a peregrine falcon population endangered by exposure to a chemical banned in Canada and, above all, a society hazy hanging over what most Canadians still believe to be their great white North. The Canadian Arctic is facing a serious pollution problem, and continuing environmental studies are pointing to sources far away. Now, the latest indications are that a prime source of both airborne and waterborne pollution is the Soviet Union.

Tests now being done on polar bears taken during the 1981-82 hunting season are underlining the gravity of the emerging problem. Results of these and other Arctic projects currently under way have not yet been published, but Norstrom has talked to many of the scientists involved. The Canadian Wildlife Service's analysis in Ottawa of three samples from the livers of 67 bears from the central Arctic region is for the first time revealing evidence of a pesticide called chlordane, which has been used extensively in the Soviet Union, as well as mercury, cadmium and other heavy metals. Federal environmental chemist Russ Norstrom recently wrote to a Northwest Territories wildlife management colleague, "Although chlordane levels are not high enough to be toxic, they are 10 times higher than I believe you find from the highly contaminated Great Lakes." Earlier studies by various agencies have also found traces of the insecticide DDT, which Canada banned in 1969, and of another banned group of substances, polychlorinated biphenyls (PCBs), although test levels have been dropping in recent years. Norstrom, who had originally speculated that the pollutants arrived in Canadian waters by air from the Soviet Union, now says he believes that currents from Soviet rivers emptying into the Arctic Ocean are the cause.

However, the prevailing air currents from the Soviet Union into the Canadian Arctic are the likely source of many other pollutants discovered in atmospheric tests in the area earlier this year. A U.S.-funded project sent a plane equipped with a kind of airborne vacuum cleaner and special filters on collection flights for a month out of Anchorage, Alaska, Oslo, Norway, and Thule, Greenland. Scientists in 30 insti-

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Polar bears: pollution from Soviet rivers

tobacco in North America and Europe are studying the samples taken from the stagnant Arctic base stretching across the top of the world in layers reaching as high as 28,000 ft. Much of the base consists of fluorocarbons, which are released from several containers, says Russell Schwall, an Alberta-born research scientist at the University of Colorado who is director of the air-sample project. But he adds that many of the pollutants carry a "chemical signature" or "fingerprint" that makes them traceable to the Soviet Union. Among those found in the base samples are soft brown coal and the metallic element cesidium, both of which Schwall associates with Soviet and Eastern European industry.

By some standards the Arctic pollution problem is still small and affects relatively few people directly, but it poses special problems. "The pollution concentration and amount is much less than in Ontario's cottage country," admits Environment Canada's Helen Martin, senior adviser to the federal acid rain program, "but the remoteness part about the Arctic is the fragility of the ecosystem."

The vulnerability of the Arctic environment is demonstrated in the recent decline in numbers of peregrine falcons, apparent victims of toxic contaminants during their annual migrations to Central or South America. Tens of the eggs of a subspecies called the tundra (rufous) falcon, found across the Arctic from Alaska to Greenland, showed pesticide levels of 15 parts per million in 38 per cent of the eggs. That level of contamination is enough to prevent egg shells from developing the proper thickness, produce embryos that do not de-

velop and cause adult birds to neglect their young. "They are bad parents," M. W. H. Blomquist, Cornell University and a 1980 environmental peregrine falcon study found that an entire tundra falcon population on the Yukon North Slope had disappeared. A Canadian Wildlife Service scientist, Richard Pyke, who has been studying the birds for 15 years, says that pesticide contamination has cut the population of another subspecies, the nestor, or brooding, falcon in half since 1968.

Whether migrating Arctic birds support dangerous pollutants or the chemicals melt in by air or sea currents, the threat is ironic in an area in which environmental concerns have been a vital issue for years. During the past decade strict territorial and federal land-use regulations and environmental assessment review processes have attempted to control new development. The rules were designed to protect the sensitive Arctic environment from the upheavals of offshore oil and gas exploration and mining megaprojects, such as Cosmo's Ltd.'s Polar Sea land-use operation on Little Cornwallis Island. But Canadian regulations cannot control the heavy industry operating in the Soviet Far North. Besides, even if the Soviets wanted to do something about the pollution they are creating, it would be as difficult and expensive as the vast prevention measures currently being debated across the Canada-U.S. border. "We have not discussed concerns about Arctic pollution on the diplomatic level," says Environment Canada's Martin, "because the most urgent requirements relate to deterrence in Central and Eastern Canada from acid rain." The polar bears will have to wait until problems to the south are sorted out.

—SANDRA SCHUCHMANN in Yellowknife.

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By Trevisan
(General Publishing, 222 pages, \$22.95)

Trevisan's career has been an ode to the greatest effect of pseudonym. At first, some people thought he was really Robert Ludlum in disguise—perhaps because his first two best sellers, *The Razor Switch* (1972) and *The Leo Sanchez* (1974), had throwaway titles in the Ludlum style. In 1976 he wrote *The Man Set in Motion*, it led to a suspicion that Trevisan was not Ludlum after all, but Norbert Sackler trying to make some dollars on a more commercial market. Then, in 1979 Trevisan's *Shishov* topped the best-seller lists. And in the midst of its success, the obscure novelist passed the word that he was back at writing thrillers. He now had enough money, he said, to finance his true desire: the composition of "erotic little novels for special audiences." When Toronto Star reporter Jack McIvor finally tracked him down, the real Trevisan turned out to be a prime candidate for the literary life. He was Rod Whitaker, a professor at a small Boston college, who chose a pen name not because he had anything glamorous to hide but because he thought his books were "junk."

David Hammett gave up writing detective novels for similar reasons—and never published another word, to his readers' everlasting regret. Trevisan cannot be compared to Hammett for stylistic quality or style, but he has written entertaining commercial fiction. The *Summer of Katya* is neither a thriller nor an "erotic little novel." At its best, it might serve as a text on which to base a grade B French psychological drama. At its worst, it is a trundling love story languishing for significance.

The narrator, Dr. Jean-Marc Montjean, is writing from the disillusioned vantage point of the summer of 1958 about the events that ruined his young life in the summer of 1954—a summer so fine it seemed impossible that anything should disrupt it, let alone war. The quartet is complete in the little Basque town of Salles-in-Bains, where Montjean—a local boy with a medical degree from Paris—has returned to work in a clinic for neurological ailments. The young doctor is innocent and ambitious, ripe for romance and a fall. But come to him is the beautiful and unconventional form of Katya Treville, a refugee from Paris society who shares

an exile with her scholarly father and her sharp-tongued, aggressive twin brother, Paul.

For reasons crucial to the plot, the romance between Katya and Montjean develops slowly. And Trevisan does not allow the natural romance of the Treville family relationship to reveal

enough of its shadowy hand. As a result, nothing much happens for two-thirds of the book, a situation that could only be sustained if the reader felt an overpowering interest in the characters. The story comes to life too late at a drunken Basque festival. There, Trevisan uses his erudite knowledge of Basque folk customs and culture to bring depth to a truly miserable ending, featuring murder, suicide and fragmenting personalities. It is too bad that his fans will have to wade through Rod Whitaker's literary ambitions to get there.

—ANNE COLLINS

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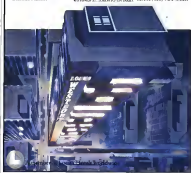
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Chronicle of a frenzied era

THE ALBERTHART SUMMER
By Bruce Allen Powe
(Lester and Orpen
Newspapers, 203 pages,
\$17.95)

In 1935 the people of Alberta, devastated by drought and the Great Depression, elected the poplar radio evangelist William (Duke) Albert Hart as premier. The leader of the burgeoning Social Credit movement, Albert Hart promised radical new monetary policies that he said would not only heal Alberta's economy but pay a dividend of \$25 a month to every citizen. The Cooperative and far-reaching hopes of that era of "happy money" still persist in the memories of many older Canadians. Now, the peculiar atmosphere of Depression Alberta has been made accessible to everyone in Bruce Allen Powe's last novel, *The Albert Hart Summer*. Powe has skillfully



Powe: The hope and despair of 1930s Alberta

written the struggles of his youthful heroes into the aggressive heart and political frenzy of the summer of 1935. The result is a tale that reverberates with passion and mystery.

The Albert Hart Summer takes the form of a reminiscence by the middle-aged Douglas Sayers, who stumbles upon the ghosts of his past while cleaning out the family's old Edmonton home after his mother's death. In 1935 Sayers was 15, listening away his vacation in the dreary middle-class neighborhood where his father taught school. The summer would have slipped uneventfully away if Sayers and a friend had not discovered their popular gang leader, Hamilton (Babe) Rootie, overgrown by himself from a barn raised, an apparent suicide. As Sayers probes the suspicious circumstances of his friend's death, the tale of the charismatic Rootie becomes a symbol for the evanescence of youthful innocence. But Sayers is no sleuth, and what he "discovers" falls less into the realm of hard evidence than into profound moral observation. More inclined to gaze than to act, Doug Sayers becomes the window through which to glimpse the minds of a people who, for a few months at least, were convinced that they lived on the

brink of epoch-making changes.

Powe, a 56-year-old native of Edmonton who now lives in Toronto, condenses the hopes of those Albertans in the figure of Albert Rootie, Babe's older brother. Albert is a compelling idealist, the son of Turgeon's famous thesis in his novel *Fathers and Sons* when the indoctrinating powers of youth are wedded with ideological fervor, the result can be monstrous. Albert is so consumed with visions of the Social Credit millennium that he cannot react with second-hand surprise to his brother's suicide. Sayers observes that "Albert's rage at his brother was for letting him down, for losing up his own future, for stirring up doubts about the stability of the Rootie bloodline, possibly for creating skepticism about his own faith in the demanding political struggles to come and for taking the ultimate step without leaving any hint as to why." Albert also fails in his relationship with his girlfriend, Jean, a caring, caring woman who might have made him happy. When he appears later in the novel, Albert is a much older man: a cabinet minister who cynically develops his earlier enthusiasm.

Albert is not the only character

whose beliefs make him tragic. Is a gripping vignette Powe describes a parole of German Albertans ecstatically withering their arms in the Nazi salute. And he depicts mass manipulation of another kind at a fundamentalist White rally, where the beautiful Diane Turgeon, Babe's first and last love, is turned into just another plain, peasant face in a dour dress. Fortunately, Powe's vision is not limited to such phenomena. He balances the mass hysteria of the times with such likable, earthy figures as Doug's mother and father, who exerts to maintain both their sanity and civility. Mrs. Sayers can weep, rather than merely weep, as it rarely without a library book or a cigarette.

"Our mashed potatoes were always sprinkled with grey ash, our milk speckled," reflects Doug. Her husband is a skeptical socialist, one of the minority that voted against the Albert Hart tide. Powe nicely symbolizes the Sayers' patience amid the irrational storms of race as he shows them waiting out a heat wave in their cool basement. Such realism subtly suggest that human goodness and decency have a quiet, enduring power which political ideology can neither fashion nor crush.

For all its dispensation of Social Credit, the novel gives a surprisingly balanced treatment of Albert Hart himself. A strident public speaker, he is shown to be an avuncular, gentle person in private. ("His voice was soft and rich," writes Powe, "not the way it sounded when he was behind those

a platform?") And although he is the most powerful individual in Alberta, Albert Hart is not all powerful. Powe balances his presence by introducing Duke Thorpe, Diane's beleaguered brother. A stetterer attracted by the local boss, Powe balances outstanding talent—mystery. He can turn an iron-trained of heads with his perfect recitation of Albert Hart's dream, like the clown in Shakespeare, he reminds the reader that no great man is without a shadow of shadowing.

There are down in *The Albert Hart Summer*, but they are few: the depiction of

the Gowers, a redneck family who were terrified by the local children, were terrified. And Powe has an aggregating tendency to jump to new scenes before the action of hand can truly ripen. Still, *The Albert Hart Summer* is a compelling novel; it plunges deeply into the complex world of the Canadian character. By showing a community of Canadians at their best and worst, Powe has not only written a fine entertainment but he has revealed some of the complex undercurrents that shape a common destiny.

—JOHN BOURQUE

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MACLEAN'S BEST-SELLER LIST

Fiction

- 1 *The Little Denmark Girl*
- 2 *Quest for*
- 3 *Chatterbox, King (7)*
- 4 *White Gold Warbler, Davidson (6)*
- 5 *Archer's Revenge, Miller (4)*
- 6 *Plains of Abraham, Sayers (4)*
- 7 *2019 Gowers, Powe, Christie (6)*
- 8 *The Love You Make, L'Amour (6)*
- 9 *Archer, Thomas (6)*
- 10 *Yacc of the Heart, Bradford (6)*
- 11 *The Summer of Kings, Prentiss*

Nonfiction

- 1 *In Search of Excellence, Peters and Waterman Jr. (1)*
- 2 *The P-Plan Diet, Rytan (4)*
- 3 *Margaret, Nessler (3)*
- 4 *Revel Service, Berry (1)*
- 5 *Star Trek's Worst Book, Poul (1)*
- 6 *The Love You Make, Brown and Gentry (1)*
- 7 *The Outpost People, Mowat (7)*
- 8 *The Thunder and the Lightning, Brock (1)*
- 9 *The Last Lion, MacMaster*
- 10 *Attila and Prosper*

(7 Fiction list ends)



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FILMS

The unsinkable Mr. Bond

OCTOBER 1985

Directed by John Glen

Disguised as a certain Cal Tero and found out, James Bond (Roger Moore) turns to his captors and the man that he is impersonating and says, "Small world—you're a Tero too." The unflappable, suave and

sybilistic secret service agent is back in Germany with new contraptions, rapists and women clinging to his pant leg, and he is as welcome as summer weather. With few exceptions, the Bond films are as reliable as anything the movies have to offer: witty, sexy, ingenious, smoothly professional and felicitously formulaic. The plot, once again, is improbable, but the Bond series trades on the charms of the improbable. A megalomaniacal Soviet general bent on

weakening NATO's defence barriers Soviet art for a nuclear bomb. The plan is that when the bomb explodes at a US army station in Germany, NATO will assume that it is an accident and call for accidental disarmament. Then the Soviet tanks will start creeping across Europe. Only one man, of course, can stop the disaster.

Agnes O'G is one of the few outcasted heroes of modern popular fiction who could practically slip through the eye of a needle. As always, he finds himself in a variety of tight agonies: locked in a deep-freeze room, fighting a homicidal

on the top of a train and then on top of an airplane. One villain wields a terrifying weapon, which is a cross between a DeLiaisons meat slicer and a boomerang. During rest periods Bond finds off-lethal women, including Octopussy herself (Maud Adams), a smuggler involved in the bomb plot who commands a small army of Amazons.

Women are likely to take exception to the title, *Oedipus*, and, as is the case to the image of women presented in the Bond films. But the Bond heroines are beautiful, smart, independent-minded, strong and gifted with a sense of humor. And Miss Adams as *Oedipus* has a softness in her features that harmonizes what could have easily been a stolid

The villains are much weaker than Odiffo and Jawa, but Gervais has enough chaffing and set pieces and enough wretched editing to satisfy jaded retards. The Indian locustman, shot by Alan Hume, are quite spectacular, even the theme song, *At Time* (sung by Rita Coolidge, is sweetly romantic. And all the playful innuendoes and sexual innuendoes in which Bond looks at a standard associate and says quietly, "No more problems." The Bond Thane have always taken the time to bow to the looms.

—Lawrence O'Toole, Jr.

The good taste of hard cash

TRADING PLACES

Directed by John Landis

The idea behind *Trading Places* promises to deliver a sparkling update of a 1930s-style novel, comedy what would happen if a black slum kid (Eddie Murphy) suddenly swapped places with a white yuppie (Dan Aykroyd)? The blue blood's employers, two commodities market cronies called the Duke brothers (Ralph Bellamy and Dan Aykroyd) have been engaged in a race to the bottom, selling off their vast finances of heredity and environment on the development of character and have not young Louis Winthorpe III (Murphy) will turn to him for life of crime, says Billy Ray Valentine (Marphy) will soon take on the proactive colonization of the upper classes if released in Winthorpe's place. Frustrated by the lack of a good job, he calls and then into the slums. He soon pawns his \$1,000 watch for a gun and falls in with a sympathetic hobo (James Le Guay) Valentine, on the other hand, has a hard time adjusting to the food, norms and stratification.

Tracy's Phyllis is not Mr. Mean Godfrey for the 1930s, primarily because the director, John Landis (*Animal House*), has no sense of light comedy style. The 1930s comedies that he tries to emulate were never shot close up. And the introduction of a new element to the old genre—the black man in a privileged white man's world—has for charity in the credibility department. It is highly unlikely that two old members of the white upper crust would consider even talking to a black man. It is equally unlikely that the character Murphy plays would so easily move into Cindy Two Shoes.

As he is displayed on the record hit *It Wasn't*, Eddie Murphy is top fly and waded an actor to play convincingly a naïf. Aykroyd, on the rampage against the old crowd, performs a brilliant comic sequence with a stick of smoked salmon. But is his last attempt at playing a character other than Dan Aykroyd, he does not succeed at portraying Winthorpe's change of character, which is crucial in the plot. Trading Places is worst served by its writers and director, who seem to have little understanding for the conventions with which they are working. The great promise of a Mariphe-Aykroyd comic duo, disintegration, is impossible. (disappointment) —L. O'P.



Flashback: just when everyone thought it was safe to go back in the shower

Comic terror takes a tumble

PSYCHO II
Directed by Richard Franklin

Psycho II opens ambitiously with the classic shower scene from Alfred Hitchcock's black-and-white masterpiece—a sequence that reinforced the greatness of film—and immediately sets itself a close-to-impossible task. Hereafter, the movie goes downhill, although not quite as far down as it might have. Producing a sequel to Psycho was not a bad idea at all, as Psycho II proves for about two-thirds of its length. Norman Bates (Anthony Perkins) has returned home after 22 years in a mental institution, cured but still shaky. His psychiatrist (Robert Loggia) has found him a job in a diner, and things go swimmingly until he starts receiving notes and phone calls from his dead mother. The Bates Motel, the scene of the original crimes, has turned into a seamy arena for drugs and quick sex. Astonished, Norman dismisses the sleazy manager (Dennis Franz), who is soon brutally strangled, as a teenager caught sucking with his girlfriend in the front office of the Bates house. Either Norman is going mad again, or someone is trying to drive him mad.

The movie quickly and surely loses the audience and feels on the knowl-

edge most people have of Psycho. The original had a haunting, subtle humor (Norman saying that his mother "won't give herself today"), but the sequel favors the comic aspects of terror. Norman pines for eyes when he glances at the breakfast table and stares madly when he tries to say "cutlery." The black humor deteriorates into cheap, condescending jokes which spoil what is essentially a swelling relationship between Norman and Mary (Meg Tilly), a waitress he befriends. Despite the fact that the sister of the Janet Leigh character from Psycho (Vera Miles) wants him committed, the film wavers to keep the audience wondering whether the real Mrs. Bates is alive and indeed responsible for the renewed mayhem. Although it never matches Hitchcock's mastery (and actually has no real visual style of its own), Psycho II preys for a while on the beating anxieties of viewers, suggesting terror rather than resorting to visceral displays. (The sound of a knife slicing into flesh activates the imagination much more than a picture of it.) But then the movie takes a dramatic and shocking turn in tone. A knife is suddenly plunged into a character's eye, scrawling mud, another character is beheaded. Perkins' face soon acquires too many nervous tic, and an extremely plausible plot is given a gut, subterranean twist. At the same time, the ground is crudely plowed for Psycho III, which will most likely introduce the 3-D shower scene.

—LAWRENCE O'TOOLE

If only the walls could speak out

LA TRAVIATA
Directed by Franco Zeffirelli

La Traviata is a movie about heavy drapes, ornate furniture and chandeliers in which a performance of Giuseppe Verdi's opera (eventually scores. Director Franco Zeffirelli) (The Champ, Endless Love) has always had an overcasted sensibility throwing us at scenes of both emotion and intense decoration. To make an over-the-top film of an opera is the height of redundancy, because opera is by nature excessive, indulging in amplified notes and physical expression. Zeffirelli offers a new and heated perspective on Verdi's masterpiece of a dying courtesan finding true love too late, as frames it within the fevered imagination of the consumptive Violetta (Stratos Bratsas). As the wailing agony in her palace, courtesans are dismantling the place and the courtesan is alone again. Later, the courtesan is alone again. In the end, Alfredo (Plácido Domingo) returns for one last embrace before she returns to heaven. Violetta finds herself transported in a diaphanous nightgown in a self-induced opium glass, an afterlife that resembles a mass commercial.

As the "worsted one" of the title, Canadian soprano Bratsas gives an impassioned, thoroughly believable portrait of a plump ally dominated woman of the world whose vulnerability is involuntarily exposed. The desperation that registers as Bratsas' face has an intensity that few legitimate actresses can create. But her singing is another matter, notably in the first act as she attempts to dissipate the burden of the whole act over her son. Singers alone, which comes in a scorching ball after a scorching scene. Otherwise, her work is acceptable, although it is not Stratos' finest two hours. Domingo fares better vocally in the less demanding role of the young Alfredo, who feels betrayed by the feckless Violetta. (She has previously not to love him at the request of his father.) With a titan last to his hour, Domingo almost manages to look the part of the romantic hero.

Throughout Verdi's lyrical, heart-breaking tale of first-crowned love, Zeffirelli makes the grand mistake of not letting the music tell the story. He is much more concerned with drawing attention to the costumes and the upholstery. His timeless and timeless camera, as it gazes and glides through spectacularly lit interiors, appears to have been attached to a slide board. La Traviata is a beautiful feast, go ahead and behold, but its beauty is false-dead.

—L. OT

Nothing succeeds like excess

THE MAN WITH TWO BRAINS
Directed by Carl Reiner

The abandoned Dr. Michael Hefersbach (Steve Martin) approaches surgery with all the finesse of a clumsy alcoholic under the hood. Bemoaned of the brain's beautiful shiny quality, he has invented the "new top" method of brain surgery simply twist off the top and probe inside. When he kills a woman with his car, he patches up her head and then leaves his heart to her. But Delores Benedict (played by the famous Kathleen Turner of Body Heat) is a vicious gold digger who refuses to have sex with Hefersbach, throwing him into a panic. As a sea-stricken brain surgeon, Martin has found a character to fit his talents in a glow. His anxiety about the paddy farm of two extremes: wild and crazy looseness that slips into physical design; like a slow-motion slide to home plate.

Hefersbach's low-key condition gets worse before it gets better. On a trip to Austria he meets a deranged scientist who has collected a variety of brains for transplant purposes, supplied by an "il-



Martin goes-pops-pops-pops

lustrator murderer" who injects his victims with window cleaner. Hefersbach falls madly in love with one of the brains, named Ann, with whom he can communicate telepathically. To which he places a pair of rubber lips on Ann's jaw, cut off her hat and kiss her in a lousy way.

The Man With Two Brains is foolish, but in a breezy way, and it is a quantum leap from Martin's last two collaborations with director-writer Carl Reiner, The Jerk and Dead Men Don't Wear Plaid. Some of the jokes are too predictable, and some are crassly funny, along the lines of the Aspinall movies. But many are right on target. "Into the window cleaner," he howls at Benedict, and throws her into a pond. The sex jokes—crude, intimate and totally enjoyable—are the most effective, principally because of the interplay between Martin and Turner. He plays the straight man, she the crazy female, a female reverberating him with her howl: "Lacoste! Lacoste! smile. He reads her a poem, called Poetry Drive, by "Kipling's greatest one-armed poet," with the aid of a schoolboy, while she listens, frozen in horror and hate. Bravely edited, smartly designed and neatly shot, The Man With Two Brains is a free-for-all, zero-morale gaggle fest where anything goes and some things work. Cuts are kicked across rooms, poodles roll over and die. A reporter jostling a widow's junk and a grey streak in his mug is a welcome refuge from a mad-doctor movie. The brain strokes are better than the whole picture. Approached in the right mood, The Man With Two Brains can be every bit as satisfying as it is silly.

—L.O.T.



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Glasgow's mouth that roared

By Allan Fotheringham

The University of British Columbia, at its spring convocation ceremonies, awarded the usual honorary degrees. They went to author Robertson Davies, George Mannel, former president of the Union of B.C. Inside Church, nuclear physicist John Bess and John and Jeanette. All worthy types, no doubt. But the purple remains UBC, in its academic snobbery, has never, over the four decades since he graduated, even contemplated giving an honorary degree to graduate Pierre Berton, who has done more to make Canadian history palatable and interesting than half a hundred degree-enslaved historians. Berton, you see, went west and so is a gradable journalist.

Around 1970, on a mountaintop, after the people's university, Simon Fraser U., which is a little closer to the grizzly life of west. There, last weekend it did something quite beyond the wit of lofty UBC. It honored an unlettered, low actor who is the finest oratorian (compared in Canada. His name is Walter Molloy, The Mouth That Roared, also known to his drinking companions as Jack Webster, now Dr. John Edgar Webster, the only honorary PhD ever to come out of the backparks of Glasgow.

Jack Webster, not really an upstart. He is the highest-salaried working journalist in Canada, an income nudging \$800,000, a full-time chauffeur, an occasional helicopter and five months holiday per year away from the Gorbals. Recently his 60th birthday coincided with a visit to Ottawa, and Webster, being Webster, invited 150 of his closest friends to drop around to his hotel suite. Vast men, decorated, and Webster, who wore a crowd almost more than he loves lunch, entertained at the top of his newspaper noise, dressed in what looked like a shirt left over from Gulliver's Island.

John Creeke and almost anyone in Ottawa who enjoys a drink and a laugh showed up, and the host, despairing of solving his friends out for dinner, had Allan Fotheringham as a columnist for *Saturday Night*.

upon the bright idea of ordering up club sandwiches for all. Phallusions of white-custard sandwiches, as if on a single raft, burst a steady inton to the door of his suite, bearing enough sandwiches and chips on the side to feed Stanley's expedition to Dr. Livingstone. Essentially, an anonymous young blonde who had ingested too much of his spread on the bed. As the party raged on she could not be awakened, despite the ministrations of a well-known CBC librarian who was applying "more-enthusiastic-than-we-are" chest massage "After I am on my 60th birthday," snickered Webster in self-



mockery, "attempting to get a woman out of my bed." The roars service bell came to 880.

Webster has always been the man for the grand gesture. After he left school at 14 in Glasgow, he had three jobs, delivering the milk in the morning and then slouching between copyboy stunts at two newspapers. On the streets between the two he read Dickens and Shakespeare in the shorthand training manuals supplied to apprentice scribes. Today he uses the helicopter to drop him on his 36-acre farm which sits on a bluish mountain slope on Selkirk Island in the saltwater gulf between Vancouver and Victoria. The poor boy has become a Scottish laird at last, terrorizing visitors by staffing them in a battered Jeep and plunging through streams and over logs past his substandard sheep, a rambling man enjoying his legs.

He denigrates reputations of his Vancouver morning television show, which is now banned as far north as Yellow-

knife and across the border into Washington state. He has been offered political slots by all parties in British Columbia, offers that he loves to court and loves to reject, since it would mean a diminution of his wit—and his ego.

For such an unlettered sort (he is continually correcting the grammar of his university-educated friends), he has a remarkable tongue which John Creeke might envy. He had a very good war, ending up a major in the British army—“Topping the wags,” as he puts it, in Ethiopia—and acquiring a shrewd view of Middle East politics and languages.

One night, in an Ottawa (aka-Moscow) restaurant, Webster lounged as the pillows and hunched a few phrases with the waiters. When they responded, his agile mind and photographic memory, fueled by a few latitudes of the grape, responded. By the end of the evening he was conversing in a language that he had left in the last war.

His flamboyant side tends to overshadow all. He once accidentally burned down his own house when he was a wandering young reporter that occurred in Vancouver. A smoldering couch had been lit by an errant cigarette, and he attempted to throw it out the window, thereby igniting the drapes, making it a bad place. He dropped his duct in the same. His role of woe on the front page the next day intimidated the insurance company that held his expired policy to pay up.

Water and a companion were witnessed a house on fire in Winnipeg's finest restaurant (Beverly's, the restaurant in St. Boniface) and as the poor man was engaged by the flames, Webster explained, "I could have saved him, but I was wearing a new suede jacket."

He is, in the end, as soft as a marshmallow, the arbiter of the people. The unscrupulous love him and recognize him as one of their own, a patriot who shows, when his weak qualifications are questioned, "I'm a Canadian by choice, not the product of an accident in the back seat of a car on the beach in Friday night. It's the way of our few treasures, and these suffer-would parts who select honorary degree recipients should consider his like more often

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COMMODORE 64

What can you do with it? Create with its high resolution Sprite Graphics. Add a printer and type with it. Add a disk drive to use spread sheets and other financial

programs. Learn and play music through your home sound system on the 64's professional quality music synthesizer.

Add a modem, and hook up with the vast computer networks through your telephone. In short, the Canadian made Commodore 64 is the ultimate personal computer, at a price you can afford.



NOW
Player's Extra Light
is also available in King Size



A taste you can call your own.

Warning: Health and Welfare Canada advises that danger to health increases with amount smoked — avoid inhaling.
Av. per cigarette: Player's Extra Light: Reg: 9 mg "tar", 0.8 mg nicotine; King Size: 11 mg "tar", 1.0 mg nicotine.
Player's Light: Reg: 14 mg "tar", 1.0 mg nicotine. Player's Filter: Reg: 17 mg "tar", 1.2 mg nicotine.